

By: Flynn

H.B. No. 3158

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the retirement systems for and the provision of other
3 benefits to police and fire fighters in certain municipalities.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 1.01, Article 6243a-1, Revised Statutes,
6 is amended to read as follows:

7 Sec. 1.01. AMENDMENT, RESTATEMENT, AND CONSOLIDATION. (a)
8 The purpose of this article is to restate and amend the provisions
9 of a former law governing the pension funds for police officers and
10 fire fighters in certain municipalities (Chapter 4, Acts of the
11 43rd Legislature, 1st Called Session, 1933, also known as Article
12 6243a) having previously been amended and restated to permit the
13 consolidation of the terms of certain pension plans created under
14 Sections 1, 11A, and 11B of that Act for the purpose of simply and
15 accurately reflecting the joint administration of the plans.

16 (b) [~~The provisions of this article are entirely consistent~~
17 ~~with all terms and conditions relating to benefits and benefit~~
18 ~~entitlement previously contained in the plans.~~] This article does
19 not [~~intend to~~] take away or reduce any accrued benefit contained in
20 the plans created under former Article 6243a or under this article
21 as it existed on or before August 31, 2017.

22 SECTION 2. Section 2.01, Article 6243a-1, Revised Statutes,
23 is amended to read as follows:

24 Sec. 2.01. DEFINITIONS. In this article:

1 (1) "415 compensation" means a member's wages, salary,
2 and other amounts received for personal services rendered in the
3 course of employment with the city during a limitation year and
4 permitted to be treated as compensation for purposes of Section
5 415(c) of the code, including differential wage payments described
6 in Section 414(u)(12) of the code. The term does not include
7 amounts picked up under Section 4.03(i) of this article.

8 (2) "Active service" means any period that a member
9 receives compensation as a police officer or fire fighter from
10 either department for services rendered.

11 (3) [~~(2)~~] "Actuarial equivalent" means a form of
12 benefit differing in time, duration, or manner of payment from a
13 standard benefit payable under this article but having the same
14 value when computed using the assumptions set forth in this
15 article.

16 ~~[(3) "Administrator" means the person designated by~~
17 ~~the board to supervise the affairs of the pension system.]~~

18 (4) "Alternate payee" has the meaning given the term
19 by Section 414(p) [~~414~~] of the code or any successor provision.

20 (5) "Alternative investment" means an investment in an
21 asset other than a traditional asset. The term includes an
22 investment in private equity funds, private real estate
23 transactions, hedge funds, and infrastructure.

24 (6) [~~(5)~~] "Annual additions" means the sum of the
25 following amounts credited to a member's account under any defined
26 contribution plan maintained by the city for the limitation year:

- 27 (A) city contributions;

1 (B) member contributions, other than rollover
2 contributions from a plan maintained by any employer other than the
3 city;

4 (C) forfeitures; and

5 (D) amounts allocated after March 31, 1984, to an
6 individual medical benefit account, as defined in Section 415(1)(2)
7 [~~415(1)(2)~~] of the code, that is part of a pension or annuity plan
8 maintained by the city.

9 [~~The term does not include amounts described in Paragraph (D)~~
10 ~~of this subdivision for the purpose of computing the percentage~~
11 ~~limitation described in Section 415(c)(1)(B) of the code.] For any
12 limitation year beginning before January 1, 1987, only that portion
13 of member contributions equal to the lesser of member contributions
14 in excess of six percent of 415 compensation or one-half of member
15 contributions to the combined pension plan or any qualified defined
16 contribution plan maintained by the city is treated as annual
17 additions.~~

18 (7) [~~(6)~~] "Annual benefit" means the aggregate
19 benefit attributable to city and member contributions payable
20 annually under the combined pension plan, or any plan maintained by
21 the city, exclusive of any benefit not required to be considered for
22 purposes of applying the limitations of Section 415 of the code to
23 the combined pension plan, payable in the form of a straight life
24 annuity beginning at age 62 with no ancillary benefits. Solely for
25 purposes of computing the limitations under the combined pension
26 plan, benefits actually payable to a pensioner are adjusted to the
27 actuarial equivalent of a straight life annuity pursuant to Section

1 415(b) [8.01] of the code [this article] even though no member may
2 actually receive a benefit in the form of a straight life annuity.

3 (8) [(7)] "Article 6243a" means Chapter 4, Acts of the
4 43rd Legislature, 1st Called Session, 1933 (former Article 6243a,
5 Vernon's Texas Civil Statutes), pertaining to a pension system for
6 police officers, fire fighters, and fire alarm operators in certain
7 cities.

8 (9) [(8)] "Assignment pay" means monthly pay, in
9 addition to salary, granted to a Group B member and authorized by
10 the city council for the performance of certain enumerated duty
11 assignments.

12 (10) [(9)] "Base pay" means the maximum monthly civil
13 service pay from time to time established by the city for a person
14 who holds the rank of "police officer" in the city's police
15 department or the rank of "fire and rescue officer" in the city's
16 fire department [a police officer or fire fighter], exclusive of
17 any other form of compensation. The term does not include
18 compensation paid by the city to a person for prior periods of
19 service or compensation that otherwise constitutes back pay unless
20 the compensation is eligible back pay. The board may adopt rules
21 and procedures necessary to include eligible back pay as base pay
22 for purposes of this definition, including rules regarding how
23 increases in benefits will be determined and administered.

24 (11) [(10)] "Base pension" means the amount of
25 retirement, death, or disability benefits as determined [computed
26 under this article] at the earliest of the time a Group B member
27 and, solely for the purposes of Section 6.12 of this article, a

1 Group A member:

- 2 (A) begins participation in DROP;
- 3 (B) leaves or left active service;
- 4 (C) [~~leaves active service,~~] dies; [~~7~~] or
- 5 (D) becomes entitled to a disability pension
- 6 under the combined pension plan [~~disabled~~].

7 Solely for purposes of this definition, when a member becomes
8 entitled to a disability pension, the base pension shall be
9 determined as of the date on which the disability pension begins.

10 (12) [~~(11)~~] "Board" means the board of trustees
11 created under Section 3.01 of this article for the purpose of
12 administering the pension system.

13 (13) [~~(12)~~] "Child" means a [~~an unmarried~~] person
14 [~~under the age of 19~~] whose [~~natural or adoptive~~] parent, as
15 recognized under the laws of this state, is a primary party.

16 (14) [~~(13)~~] "City" means each municipality having a
17 population of more than 1.18 million and located predominantly in a
18 county that has a total area of less than 1,000 square miles.

19 (15) "City attorney" means the chief legal officer of
20 a city.

21 (16) [~~(14)~~] "City council" means the governing body of
22 the city.

23 (17) "City manager" means the city manager of a city or
24 the city manager's designee and includes, to the extent of any
25 designation, an interim or acting city manager, chief financial
26 officer, budget director, or assistant city manager. If a city does
27 not have an individual serving in a position otherwise described by

1 this subdivision, "city manager" means the mayor of that city.

2 (18) [~~(15)~~] "City service incentive pay" means annual
3 incentive pay, adjusted by the city from time to time, in addition
4 to the salary of a member granted to the member under the authority
5 of the city charter and received by the member during active
6 service.

7 (19) [~~(16)~~] "Code" means the United States Internal
8 Revenue Code of 1986, as amended.

9 (20) [~~(17)~~] "Combined pension plan" means any pension
10 plan created pursuant to this article.

11 (21) [~~(18)~~] "Computation pay" shall be used in
12 determining the amount of the city's contribution under Section
13 4.02(d) of this article and a Group B member's contribution under
14 Section 4.03(d) of this article and in determining the base pension
15 [~~of any benefits~~] to be paid to a Group B member or the benefits to
16 be paid to the member's qualified survivors and means the sum of the
17 following:

18 (A) the biweekly [~~monthly~~] rate of pay of a
19 [~~Group B~~] member for the highest civil service rank the person
20 holds, from time to time, as a result of a competitive examination;
21 plus

22 (B) the [~~monthly rate of pay of a Group B member~~
23 ~~as~~] educational incentive pay of a member, computed on a biweekly
24 basis; plus

25 (C) the longevity [~~monthly rate of~~] pay of a
26 [~~Group B~~] member [~~as longevity pay~~], as authorized by the
27 legislature, computed on a biweekly basis; plus

1 (D) the city service incentive pay, computed on a
2 biweekly [~~monthly~~] basis, of a [~~Group B~~] member.

3 The term includes only amounts actually paid in salary or
4 payments made instead of salary to the member and member
5 contributions picked up by the city, and does not include any
6 imputed pay. Furthermore, any [~~Any~~] compensation received by a
7 [~~Group B~~] member, other than that noted in Paragraphs (A)-(D) of
8 this subdivision (for example, compensation for overtime work and
9 the [~~monthly rate of~~] pay a member would receive from the city in
10 the form of assignment pay), will not be considered in determining
11 the computation pay of a [~~Group B~~] member. Any lump-sum payments
12 for compensatory time, unused sick leave, unused vacation time, or
13 city service incentive pay payable after a [~~Group B~~] member leaves
14 active service, dies [~~death~~], becomes disabled [~~disability~~], or
15 resigns [~~resignation~~], or after any other type of termination may
16 not be considered in determining the computation pay of any [~~Group~~
17 ~~B~~] member. Computation pay for a [~~Group B~~] member for any given
18 period [~~month~~] is determined on the biweekly [~~monthly~~] rates of pay
19 due the [~~Group B~~] member for the entire period [~~month~~].
20 Compensation paid by the city that relates to prior periods of
21 service or compensation that otherwise constitutes back pay may
22 only be included as computation pay if the compensation is eligible
23 back pay. The board may adopt rules and procedures necessary to
24 include eligible back pay as computation pay for purposes of this
25 definition, including rules regarding how increases in benefits
26 will be determined and administered. [~~If a Group B member works less~~
27 ~~than the member's assigned schedule for any given month, the~~

1 ~~computation pay for the Group B member shall be prorated for the~~
2 ~~portion of the month that the Group B member worked.~~

3 ~~[(19) "Educational incentive pay" means incentive pay~~
4 ~~designed to reward completion of certain hours of college credit,~~
5 ~~adjusted by the city from time to time, that is paid to a member in~~
6 ~~addition to the member's salary.]~~

7 (22) ~~[(20)]~~ "Department" means either the police
8 department of the city, the fire department of the city, or both the
9 police and fire departments of the city together.

10 (23) ~~[(21)]~~ "Dependent parent" means a natural parent
11 or parent who adopted a primary party and who immediately before the
12 death of a primary party received over half of the parent's
13 financial support from the primary party.

14 (24) ~~[(22)]~~ "Disability retirement" means any period
15 that a pensioner receives periodic disability compensation or a
16 disability pension.

17 (25) "DROP" means the deferred retirement option plan
18 established in accordance with Section 6.14 of this article.

19 (26) "Educational incentive pay" means incentive pay
20 designed to reward completion of certain hours of college credit,
21 adjusted by the city from time to time, that is paid to a member in
22 addition to the member's salary.

23 (27) "Eligible back pay" means additional
24 compensation paid by the city to a member or pensioner:

25 (A) that constitutes back pay to the member's or
26 pensioner's prior period of service and is otherwise considered
27 taxable wages paid by the city to the member or pensioner for

1 federal income tax purposes; and

2 (B) for which the pension system receives:

3 (i) an amount equal to the aggregate member
4 and city contributions that the pension system would have collected
5 with respect to the compensation for all time periods relating to
6 the back pay compensation; and

7 (ii) interest, calculated using the pension
8 system's actuarial rate of return assumptions in effect for the
9 periods relating to the back pay, compounded annually, on the
10 contribution amounts for the period from the date that the
11 contributions would have been received if the back pay compensation
12 would have been paid during the relevant periods of prior service
13 through the date the amount relating to the contributions for back
14 pay is actually received by the pension system.

15 The pension system is not obligated to collect the additional
16 contributions or interest described in Paragraph (B)(ii) of this
17 subdivision from the member, pensioner, or city. The pension system
18 may not recognize back pay as eligible back pay until the
19 contributions and interest described in Paragraph (B) of this
20 subdivision have been received.

21 (28) "Executive director" means the person designated
22 by the board to supervise the operation of the pension system.

23 (29) [~~(23)~~ "415 compensation" means a member's wages,
24 salary, and other amounts received for personal services rendered
25 in the course of employment with the city during a limitation year,
26 but does not include:

27 [~~(A)~~ contributions made by the city to a plan of

1 ~~deferred compensation, or a simplified employee pension plan, to~~
2 ~~the extent such contributions are excludable from the member's~~
3 ~~gross income,~~

4 ~~[(B) any distributions from a plan of deferred~~
5 ~~compensation, or a simplified employee pension plan, to the extent~~
6 ~~the distributions are excludable from the member's gross income,~~

7 ~~[(C) other amounts that received special tax~~
8 ~~benefits, such as premiums for group term life insurance, to the~~
9 ~~extent that the premiums are not includable in the gross income of~~
10 ~~the member, or contributions made by the city, including~~
11 ~~contributions toward the purchase of an annuity described by~~
12 ~~Section 403(b) of the code, whether or not contributed pursuant to a~~
13 ~~salary reduction agreement and whether or not the amounts are~~
14 ~~actually excludable from the gross income of the member; and~~

15 ~~[(D) for any limitation year beginning after~~
16 ~~December 31, 1988, compensation in excess of \$200,000, adjusted in~~
17 ~~a manner permitted under Section 415(d) of the code.~~

18 ~~(24)~~ "Fund" means all funds and property held to
19 provide benefits to ~~[for the benefit of]~~ all persons who are or who
20 may become entitled to any benefits under any plan within the
21 pension system, together with all income, profits, or other
22 increments.

23 (30) ~~(25)~~ "Group A member" means any police officer
24 or fire fighter described by Section 5.01(a)(1) of this article.

25 (31) ~~(26)~~ "Group B member" means any police officer
26 or fire fighter described by Section 5.01(a)(2) of this article.

27 (32) ~~(27)~~ "Health director" means any qualified

1 physician designated from time to time by the board.

2 (33) [~~(28)~~] "Limitation year" means the plan year of
3 the combined pension plan and any defined benefit plan or defined
4 contribution plan of the city in which a member participates.

5 (34) [~~(29)~~] "Longevity pay" means pay in addition to
6 the salary of a member granted under Section [141.032](#), Local
7 Government Code, for each year of active service completed by a
8 member in either department.

9 (35) [~~(30)~~] "Member" means both Group A and Group B
10 members.

11 (36) [~~(31)~~] "Member's account" means an account
12 established and maintained for a member with respect to the
13 member's total interest in one or more defined contribution plans
14 under this article or maintained by the city resulting in annual
15 additions.

16 (37) [~~(32)~~] "Old plan" means any pension plan created
17 pursuant to Section 1 of Article 6243a.

18 (38) [~~(33)~~] "Pensioner," "Group A pensioner," or
19 "Group B pensioner" means a former member of the pension system who
20 is on either a service or disability retirement.

21 (39) [~~(34)~~] "Pension service" means the time, in
22 years, and prorated for fractional years, that a member has
23 contributed to the fund under the terms of the combined pension plan
24 or any plan within the pension system, reduced to reflect refunds
25 that have been received and not fully repaid.

26 (40) [~~(35)~~] "Pension system" means the fund and any
27 plans created pursuant to this article or Article 6243a and that are

1 intended to be qualified under Section 401(a) of the code.

2 (41) [~~(36)~~] "Plan A" means any plan created pursuant
3 to Section 11A of Article 6243a.

4 (42) [~~(37)~~] "Plan B" means any plan created pursuant
5 to Section 11B of Article 6243a.

6 (43) [~~(38)~~] "Police officer" or "fire fighter" means,
7 as appropriate, a police officer, fire fighter, fire and rescue
8 officer, fire alarm operator, fire inspector, apprentice police
9 officer, apprentice fire fighter, or similar employee of either
10 department as defined in the classifications of the human resources
11 [~~personnel~~] department of the city.

12 (44) [~~(39)~~] "Primary party," "Group B primary party,"
13 or "Group A primary party" means a member[, ~~former member~~,] or
14 pensioner.

15 (45) [~~(40)~~] "Qualified actuary" means either:

16 (A) an individual who is a Fellow of the Society
17 of Actuaries, a Fellow of the Conference of Actuaries in Public
18 Practice, or a member of the American Academy of Actuaries; or

19 (B) a firm that employs one or more persons who
20 are Fellows of the Society of Actuaries, Fellows of the Conference
21 of Consulting Actuaries [~~in Public Practice~~], or members of the
22 American Academy of Actuaries and are providing services to the
23 pension system.

24 (46) [~~(41)~~] "Qualified domestic relations order" has
25 the meaning provided by Section 414(p) [~~414~~] of the code.

26 (47) [~~(42)~~] "Qualified survivor" means a person who is
27 eligible to receive death [~~survivor~~] benefits after the death of a

1 primary party and includes only:

2 (A) a surviving spouse, if the spouse was
3 continuously married to the primary party from [~~both at~~] the date
4 when the primary party either voluntarily or involuntarily left
5 active service as a member through [~~and at~~] the date of the primary
6 party's death;

7 (B) all surviving, unmarried[, ~~legitimate, and~~
8 ~~legally adopted~~] children who are either under 19 years of age or
9 have a disability, as determined by the board under Section
10 6.06(o-2) of this article, and who were:

11 (i) born or adopted before the primary
12 party [~~as a member~~] either voluntarily or involuntarily left active
13 service; or

14 (ii) [~~who were~~] born after the primary party
15 [~~a member~~] left active service if the mother was pregnant with the
16 child before the primary party [~~member~~] left active service; and

17 (C) a surviving dependent parent of a primary
18 party if the primary party is not survived by a spouse or child
19 eligible for benefits.

20 (48) [~~(43)~~] "Service retirement" means any period
21 that a pensioner receives a retirement pension but does not include
22 any period of disability retirement.

23 (49) [~~(44)~~] "Spouse" means the person to whom [~~husband~~
24 ~~or wife of~~] a primary party is legally married [~~recognized~~] under
25 the laws of this state or any other state.

26 (50) "Traditional asset" includes stocks, bonds, and
27 cash [~~(45) "Total wages and salaries" means all pay received by a~~

1 ~~member of any plan within the pension system from the city,~~
2 ~~excluding any lump-sum payments for unused sick time or unused~~
3 ~~vacation time accrued by any member and payable as the result of the~~
4 ~~member's death, disability, resignation, or any other reason for~~
5 ~~leaving active service].~~

6 (51) [~~46~~] "Trustee" means a member of the board.

7 SECTION 3. Sections 2.02(a) and (b), Article 6243a-1,
8 Revised Statutes, are amended to read as follows:

9 (a) If the amount of any benefit or contribution is to be
10 determined on the basis of actuarial assumptions that are not
11 otherwise specifically set forth for that purpose in this article,
12 the actuarial assumptions to be used are those earnings and
13 mortality assumptions being used on the date of the determination
14 by the pension system's qualified actuary and approved by the
15 board.

16 (b) The actuarial assumptions being used at any particular
17 time shall be attached by the executive director [~~administrator~~]
18 as an addendum to this article and treated for all purposes as a part
19 of any plan created by this article. The executive director shall
20 promptly update any addendum to conform to any changed actuarial
21 assumptions approved by the board.

22 SECTION 4. Part 2, Article 6243a-1, Revised Statutes, is
23 amended by adding Section 2.03 to read as follows:

24 Sec. 2.03. REFERENCES TO CERTAIN LAW. A reference to a
25 statute made in this article includes a reference to any
26 regulation, rule, order, or notice made by a governmental entity
27 with the authority under law to adopt the regulation, rule, order,

1 or notice, and on which the governmental entity intends persons to
2 rely, as appropriate.

3 SECTION 5. Section 3.01, Article 6243a-1, Revised Statutes,
4 is amended by amending Subsections (b), (d), (e), (f), (h), (i),
5 (j), (n), and (o) and adding Subsections (b-1), (b-2), (j-1),
6 (j-2), (j-3), (j-4), (j-5), (j-6), (j-7), (p), (q), (r), and (s) to
7 read as follows:

8 (b) Subject to Subsections (b-1) and (b-2), the [The] board
9 consists of 12 [seven] trustees who shall be selected and shall
10 serve as follows:

- 11 (1) three trustees appointed by the mayor;
12 (2) two trustees appointed by the [The] city council;
13 (3) two trustees appointed jointly by the executive
14 director and city manager;
15 (4) the chief financial officer of the city;
16 (5) one trustee selected in a manner determined by
17 rule by the board to represent the interests of the police officers
18 who is:

19 (A) a pensioner who is a former police officer;
20 or

- 21 (B) an active member who is a police officer;
22 (6) one trustee selected in a manner determined by
23 rule by the board to represent the interests of the fire department
24 who is:

25 (A) a pensioner who is a former fire fighter; or

26 (B) an active member who is a fire fighter; and

27 (7) two trustees appointed by the board.

1 (b-1) To be appointed a trustee under Subsection (b)(1),
2 (2), (3), or (7) of this section, a person:

3 (1) must have demonstrated financial, accounting,
4 business, investment, budgeting, real estate, or actuarial
5 expertise; and

6 (2) may not be an active member or pensioner.

7 (b-2) An elected official of the city may not be appointed
8 or selected as a trustee of the board under Subsection (b) of this
9 section [~~shall name from among its members three council members~~
10 ~~who shall serve as trustees of the board~~]. [The council member
11 ~~trustees shall be named as soon as possible after the first Monday~~
12 ~~in May of each odd-numbered year and shall serve for the term of~~
13 ~~office to which they were elected as council members. If there is a~~
14 ~~vacancy in any of the council member trustees' seats on the board,~~
15 ~~the city council shall name another council member to serve out the~~
16 ~~remainder of the unexpired term.~~

17 [~~(2) The police and fire department members of the~~
18 ~~pension plans within the pension system shall separately, by~~
19 ~~department and not by plan, elect from among their respective~~
20 ~~memberships two active police officer and two active fire fighter~~
21 ~~members. On their election, each of the trustees under this~~
22 ~~subdivision shall execute a written affirmation of the person's~~
23 ~~undertaking to faithfully perform duties to the pension system.~~
24 ~~The police and fire department trustees shall serve terms of four~~
25 ~~years each, the terms being staggered so that one term, but not both~~
26 ~~from the same department, shall expire on June 1 of each~~
27 ~~odd-numbered year. If a vacancy occurs among the police and fire~~

1 ~~department trustees, the vacancy shall be filled in accordance with~~
2 ~~the provisions of Subsection (d) of this section. The police and~~
3 ~~fire department trustees will continue to serve beyond the~~
4 ~~expiration of their terms, if their successors have not been~~
5 ~~elected and affirmed in writing their undertaking to faithfully~~
6 ~~perform their duties to the pension system, until their successors~~
7 ~~are elected and have affirmed in writing their undertaking to~~
8 ~~faithfully perform their duties to the pension system.]~~

9 (d) Except as provided by Subsection (e) of this section,
10 ~~[If] a vacancy on the board shall be filled in the same manner as the~~
11 ~~original appointment or designation, as applicable [occurs among~~
12 ~~the police or fire department alternate trustees, for reasons other~~
13 ~~than the failure to elect a successor alternate trustee or the~~
14 ~~occurrence of a vacancy among the regular trustees of either~~
15 ~~department, the board shall appoint a new alternate trustee~~
16 ~~representing the department from which the vacancy occurs to serve~~
17 ~~as the alternate trustee for the remainder of the alternate~~
18 ~~trustee's term]. [A candidate is not eligible for election to an~~
19 ~~alternate trustee position and to a regular trustee position during~~
20 ~~the same election.]~~

21 (e) The board by rule may determine the manner by which a
22 ~~vacancy in a trustee position under Subsection (b)(5) or (6) of this~~
23 ~~section is filled [If a vacancy occurs among the police or fire~~
24 ~~department regular trustees, the alternate trustee representing~~
25 ~~the department from which the vacancy occurs shall serve as the~~
26 ~~regular trustee for the remainder of the unexpired regular~~
27 ~~trustee's term]. [Thereafter, the board shall appoint a new~~

1 ~~alternate trustee from the same department to serve for a period~~
2 ~~ending on the earlier of the expiration of the regular trustee's~~
3 ~~term or the original alternate trustee's term. If the original~~
4 ~~alternate trustee's term has not expired after serving in place of~~
5 ~~the regular trustee, then that person shall serve out the remainder~~
6 ~~of the unexpired term. After a new regular trustee has been~~
7 ~~elected, the original alternate trustee shall return to serve as an~~
8 ~~alternate trustee until the regular trustee's term has expired.~~
9 ~~However, if the original alternate trustee, while an alternate~~
10 ~~trustee, is elected to a full term as a regular trustee before the~~
11 ~~expiration of the term as an alternate trustee, the term of the new~~
12 ~~alternate trustee extends until the expiration of the original~~
13 ~~alternate trustee's term.]~~

14 (f) Trustees hold office for staggered two-year terms.
15 Persons authorized to appoint more than one trustee under this
16 section may reappoint one trustee to the same position [~~The~~
17 ~~election of the trustees representing the police and fire~~
18 ~~departments shall be held under the supervision of the board, and~~
19 ~~the board shall adopt such rules and regulations governing the~~
20 ~~election procedure as it considers appropriate, as long as the~~
21 ~~rules and regulations are consistent with generally accepted~~
22 ~~principles of secret ballot and majority rule]. [~~The rules and~~
23 ~~regulations adopted by the board shall be recorded in the minutes of~~
24 ~~the board and made available to the members of any pension plan~~
25 ~~within the pension system.]~~~~

26 (h) The executive director [~~administrator~~], or in the
27 executive director's [~~administrator's~~] absence a member of the

1 administrative staff designated by the board, shall serve as the
2 secretary of the board.

3 (i) The board shall serve without separate compensation
4 from the fund, but, if applicable, with entitlement to any
5 appropriate compensation from the city as if the board members were
6 performing their regular functions for the police or fire
7 department or for the city. The board shall meet not less than once
8 each month and may meet at any time on the call of its chairman.

9 (j) The board has full power to make rules [~~and regulations~~]
10 pertaining to the conduct of its meetings and to the operation of
11 the pension system as long as its rules are not, subject to
12 Subsections (j-1) and (j-2) of this section, inconsistent with the
13 terms of this article, any pension plan within the pension system,
14 or the laws of this state or the United States to the extent
15 applicable.

16 (j-1) The board may adopt a rule that conflicts with this
17 article:

18 (1) to ensure compliance with the code, including
19 Section 415 of the code, and other applicable federal law; or

20 (2) subject to Subsection (j-5) of this section, to
21 achieve an amortization period of the pension system that does not
22 exceed 35 years.

23 (j-2) The board may only adopt or change a rule relating to
24 board governance and conduct by a two-thirds vote of all members.

25 (j-3) The board may correct any defect, supply any omission,
26 and reconcile any inconsistency that may appear in this article in a
27 manner and to the extent that the board believes would:

1 (1) be expedient for the administration of the pension
2 system;

3 (2) be for the greatest benefit of all members,
4 pensioners, and qualified survivors; and

5 (3) not adversely affect the benefits of a member,
6 pensioner, or qualified survivor.

7 (j-4) The board has full discretion and authority to
8 construe and interpret the combined pension plan and to do all acts
9 necessary to carry out the purpose of the combined pension plan. A
10 decision of the board is final and binding on all affected parties.

11 (j-5) The board may not adopt a rule under Subsection
12 (j-1)(2) of this section unless the rule has first been reviewed by
13 the State Pension Review Board and the State Pension Review Board
14 finds:

15 (1) implementation of the rule will have a positive
16 impact on the actuarial soundness of the pension system; and

17 (2) the rule complies with applicable federal law,
18 including the United States Constitution.

19 (j-6) The board shall provide the State Pension Review Board
20 with a copy of a proposed rule for purposes of Subsections (j-1)(2)
21 and (j-5) of this section at least 90 days before the date the board
22 intends to implement the rule.

23 (j-7) At least twice each year, the board shall have a
24 meeting to receive public input regarding the pension system and to
25 inform the public about the health and performance of the pension
26 system.

27 (n) Seven [~~Four~~] trustees of the board constitute a quorum

1 at any [~~called~~] meeting[, ~~except that a trustee from the police~~
2 ~~department and a trustee from the fire department must be present to~~
3 ~~conduct business~~].

4 (o) No action may be taken by the board except at a meeting.
5 Except as provided by Subsection (j-2) of this section or Section
6 4.071 of this article, or as otherwise specifically provided by
7 law, [~~and~~] no action shall be taken during a board meeting without
8 the approval of a majority of the trustees of the board [~~present~~].
9 Only actions of the board taken or approved of during a meeting are
10 binding on the board, and no other written or oral statement or
11 representation made by any person is binding on the board or the
12 pension system.

13 (p) The board may file suit on behalf of the pension system
14 in a court of competent jurisdiction regardless of the court's
15 location. The board has sole authority to litigate matters on
16 behalf of the pension system. Notwithstanding Chapter 15, Civil
17 Practice and Remedies Code, or any other law, an action against the
18 pension system or the board shall be brought in a court of competent
19 jurisdiction located in the city or county in which the pension
20 system is located.

21 (q) The board may purchase from one or more insurers one or
22 more insurance policies that provide for the reimbursement of a
23 trustee or employee of the pension system for liability imposed as
24 damages caused by, and for costs and expenses incurred by the
25 individual in defense of, an alleged act, error, or omission
26 committed by the individual in the individual's capacity as a
27 fiduciary or employee of the pension system. The board may not

1 purchase an insurance policy that provides for the reimbursement of
2 a trustee or employee of the system due to the trustee's or
3 employee's dishonesty, fraudulent breach of trust, lack of good
4 faith, intentional fraud or deception, or intentional failure to
5 act prudently.

6 (r) The board shall adopt a code or codes of ethics in
7 accordance with Section 825.212, Government Code. In adopting or
8 amending a code or codes of ethics, the board may consider comments
9 on the policy from the city attorney of the city. The board shall:

10 (1) review the code or codes of ethics on an annual
11 basis and amend the code or codes as the board considers necessary;

12 (2) file a copy of the code or codes of ethics adopted
13 or amended in accordance with this subsection with the State
14 Pension Review Board; and

15 (3) provide a copy of the code or codes of ethics
16 adopted or amended in accordance with this subsection to the city
17 attorney.

18 (s) The board shall develop an Internet website designed to
19 give active members and pensioners access to the information
20 concerning the system and the individual's participation in the
21 system required by Section 802.106, Government Code, as well as
22 information concerning the financial health of the pension system.

23 SECTION 6. Part 3, Article 6243a-1, Revised Statutes, is
24 amended by adding Section 3.011 to read as follows:

25 Sec. 3.011. TRUSTEE TRAINING. (a) A person who is
26 appointed to or selected for the board and qualifies for office as a
27 trustee shall complete a training program that complies with this

1 section.

2 (b) The training program must provide the person with
3 information regarding:

4 (1) the law governing the pension system's operations;

5 (2) the programs, functions, rules, and budget of the
6 pension system;

7 (3) the scope of and limitations on the rulemaking
8 authority of the board;

9 (4) the results of the most recent formal audit of the
10 pension system;

11 (5) the requirements of:

12 (A) laws relating to open meetings, public
13 information, administrative procedure, and disclosing conflicts of
14 interest; and

15 (B) other laws applicable to a trustee in
16 performing the trustee's duties, including the board's fiduciary
17 duties under Section 4.07(b) of this article, Section 802.203,
18 Government Code, and any other applicable law;

19 (6) the code or codes of ethics adopted under Section
20 3.01(r) of this article and any applicable ethics policies adopted
21 by the Texas Ethics Commission; and

22 (7) financial training regarding the risks of
23 investing in alternative investments.

24 (c) The executive director shall create a training manual
25 that includes the information required by Subsection (b) of this
26 section. The executive director shall distribute a copy of the
27 training manual annually to each trustee. On receipt of the

1 training manual, each trustee shall sign and submit to the
2 executive director a statement acknowledging receipt of the
3 training manual.

4 SECTION 7. Section 3.02, Article 6243a-1, Revised Statutes,
5 is amended to read as follows:

6 Sec. 3.02. PROFESSIONAL CONSULTANTS. In addition to the
7 authority of the board to employ the services of certain
8 consultants set forth in this article, the board has the authority
9 to employ the services of any professional consultant, including
10 investment advisors and investment managers, whenever the services
11 of the consultants [~~consultant~~] are considered necessary or
12 desirable and in the best interests of the pension system. A
13 professional consultant shall receive such compensation as may be
14 determined by the board in accordance with Section 4.01 of this
15 article.

16 SECTION 8. Section 3.03, Article 6243a-1, Revised Statutes,
17 is amended by amending Subsection (b) and adding Subsection (b-1)
18 to read as follows:

19 (b) Subject to Subsection (b-1) of this section, the [~~The~~]
20 city attorney or an assistant city attorney may [~~shall~~] attend
21 board [~~all~~] meetings [~~of the board~~] and may advise the board on any
22 matter on which the pension system [~~board~~] requests a legal opinion
23 from the city attorney.

24 (b-1) The city attorney or an assistant city attorney is not
25 required to provide an opinion under Subsection (b) of this section
26 unless the opinion is requested by the city council on behalf of the
27 pension system. The city attorney or assistant city attorney may

1 decline to provide the opinion if the subject matter of the request
2 is too dependent on disputed facts to permit a generalized opinion,
3 as determined by the city attorney or assistant city attorney.

4 SECTION 9. Section 3.04, Article 6243a-1, Revised Statutes,
5 is amended to read as follows:

6 Sec. 3.04. APPOINTMENT OF EXECUTIVE DIRECTOR
7 ~~[ADMINISTRATOR]~~. (a) The board has the authority to appoint an
8 executive director ~~[administrator]~~ to carry out the business of the
9 board and to keep a record of the proceedings of the board. A person
10 appointed executive director under this section must have relevant
11 business experience in administering similarly situated pension
12 systems ~~[The administrator, in carrying out the business of the~~
13 ~~board within the scope of the administrator's responsibility, may~~
14 ~~not be considered a fiduciary with respect to the pension system]~~.

15 (b) Subject to the approval of the board and to Subsection
16 (b-1) of this section, the executive director ~~[administrator]~~ may
17 select any number of persons to assist the executive director in
18 carrying out the executive director's duties under this section,
19 including hiring outside accountants.

20 (b-1) The executive director may not select a person to
21 assist the executive director under Subsection (b) of this section
22 that is an active, former, or retired police officer or fire fighter
23 of the city unless the person retired due to a disability
24 ~~[administrator]~~.

25 (c) Both the executive director ~~[administrator]~~ and those
26 persons selected to assist the executive director ~~[administrator]~~
27 may be considered employees of the city. Unless otherwise

1 delegated to the executive director [~~administrator~~], the board
2 shall have the ultimate authority to retain, discipline, or
3 terminate the engagement of any persons selected under this
4 section.

5 (d) The executive director owes a fiduciary duty to the
6 pension system in exercising discretion when carrying out the
7 business of the board [~~subsection~~].

8 (e) The executive director shall establish an
9 organizational structure for pension system employees to optimize
10 daily governance of the system.

11 SECTION 10. Sections 4.01(a), (c), and (d), Article
12 6243a-1, Revised Statutes, are amended to read as follows:

13 (a) The board shall pay for all costs of administration out
14 of the income from the fund when in the judgment of the board the
15 costs are necessary, including the cost of:

16 (1) salaries and benefits for the executive director
17 [~~of the administrator, assistant administrator,~~] and
18 administrative staff;

19 (2) [✓]office expenses;

20 (3) expenses associated with securing[✓] adequate
21 office space and associated utilities;

22 (4) compensation for [✓and] professional
23 consultants, professional investment managers, or other persons
24 providing professional services; and

25 (5) any other expenses approved by the board[~~out of~~
26 ~~income from the fund when it is actuarially determined that the~~
27 ~~payments will not have an adverse effect on the payment of benefits~~

1 ~~from any of the plans within the pension system and when in the~~
 2 ~~judgment of the board the costs are necessary]. [The city shall~~
 3 ~~provide for costs of administration if the board determines that~~
 4 ~~payment of the costs by the fund will have an adverse effect on the~~
 5 ~~payment of benefits from any plan within the pension system.]~~

6 (c) No expenditure for the costs of administration,
 7 including the [or] payment of any fee for professional consultants,
 8 professional investment management services, or any other person
 9 providing professional services, may be made from the fund without
 10 the approval of the board.

11 (d) After the board has developed an annual budget for the
 12 pension system, the budget shall be presented to the city manager
 13 ~~[city's budget office]~~ for comment. The city manager ~~[city's budget~~
 14 ~~office]~~ may request the board to reconsider the appropriation for
 15 any expenditure at a board meeting, but the board shall make the
 16 final determination concerning any appropriation.

17 SECTION 11. Sections 4.02(b), (d), and (e), Article
 18 6243a-1, Revised Statutes, are amended to read as follows:

19 (b) Funds contributed by the city as its share of the amount
 20 required to finance the payment of benefits under the pension
 21 system may be used for no other purpose. Any change to the [The]
 22 contributions required to be made to the pension system by the city
 23 ~~[shall be annually appropriated by the city council and~~
 24 ~~periodically paid on the basis of a percentage of the total wages~~
 25 ~~and salaries of the members of the police and fire departments who~~
 26 ~~are members of each of the plans within the pension system. The~~
 27 ~~amount of this percentage and any change in it] may [be determined]~~

1 only be made by the legislature or by a majority vote of the voters
2 of the city.

3 (d) Subject to Section 4.025 of this article, the city shall
4 make contributions to the pension system biweekly in an amount
5 equal to the sum of:

6 (1) the greater of:

7 (A) 34.5 percent of the aggregate computation pay
8 paid to members during the period for which the contribution is
9 made; or

10 (B) the applicable amount set forth below:

11 (i) \$5,173,000 for the biweekly pay periods
12 beginning with the first biweekly pay period that begins after
13 September 1, 2017, and ends on the last day of the first biweekly
14 pay period that ends after December 31, 2017;

15 (ii) \$5,344,000 for the 26 biweekly pay
16 periods immediately following the last biweekly pay period
17 described by Subparagraph (i) of this paragraph;

18 (iii) \$5,571,000 for the 26 biweekly pay
19 periods immediately following the last biweekly pay period
20 described by Subparagraph (ii) of this paragraph; and

21 (iv) an amount equal to the biweekly amount
22 applicable for the prior 26 biweekly pay periods, increased by a
23 2.75 percent compounded rate for each subsequent 26 biweekly pay
24 periods, beginning with the first biweekly pay period following the
25 last biweekly pay period described in Subparagraph (iii) of this
26 paragraph; and

27 (2) except as provided by Subsection (e) of this

1 section, an amount equal to 1/26th of \$11 million. [~~The percentage~~
 2 ~~of required contributions from the city shall be in accordance with~~
 3 ~~the following schedule and any increase or decrease in city~~
 4 ~~contributions shall occur automatically on any increases or~~
 5 ~~decreases in the members' contribution percentage.~~

<u>[City Contributions</u>	<u>Member Contributions</u>
7 28-1/2%	9%
8 27-1/2%	8-1/2%
9 26%	8%
10 24-1/2%	7-1/2%
11 23%	7%
12 21-1/2%	6-1/2%]

13 (e) Beginning with the first biweekly pay period following
 14 the last biweekly pay period that ends on or after September 1,
 15 2019, the [The] city is required to pay only the contribution amount
 16 described by Subsection (d)(2) of this section if the most recent
 17 actuarial valuation at the time the payment is due shows that with
 18 that contribution, the total contributions to the pension system
 19 are sufficient to amortize the unfunded actuarial accrued
 20 liabilities of the fund within 35 years, as confirmed by the State
 21 Pension Review Board [~~may elect to contribute more than that~~
 22 ~~required in the schedule provided by Subsection (d) of this~~
 23 ~~section, except that the city's contribution percentage may not~~
 24 ~~exceed 28-1/2 percent unless approved as provided by Subsection (b)~~
 25 ~~of this section. Further, in no event may the city's contribution~~
 26 ~~be less than 21-1/2 percent unless approved as provided by~~
 27 ~~Subsection (b)].~~

1 SECTION 12. Part 4, Article 6243a-1, Revised Statutes, is
2 amended by adding Section 4.025 to read as follows:

3 Sec. 4.025. CITY OR MEMBER CONTRIBUTIONS IF NO UNFUNDED
4 ACTUARIAL LIABILITIES. Notwithstanding Section 4.02 or 4.03 of
5 this article, if the pension system has no unfunded actuarial
6 liability as computed on the basis of an actuarial reserve funding
7 method acceptable to and approved by the board, annual
8 contributions must be equally divided between the city and the
9 members. The board shall adjust the city contribution rates under
10 Section 4.02 of this article and the member contribution rates
11 under Section 4.03 of this article accordingly, and certify the
12 adjusted rates.

13 SECTION 13. Section 4.03, Article 6243a-1, Revised
14 Statutes, is amended by amending Subsections (a), (b), (c), (d),
15 and (g) and adding Subsections (a-1), (d-1), (d-2), and (i) to read
16 as follows:

17 (a) Subject to Subsection (a-1) of this section and except
18 as provided by Section 4.025 of this article, each [Each] Group A
19 member of the combined pension plan shall have 13.5 [6.5] percent of
20 base pay deducted from the member's wages each month, and the
21 contributions shall be promptly remitted to the fund by the city.

22 (a-1) If a Group A member is assigned, for any period, to a
23 job-sharing program or any similar work schedule that is considered
24 by the member's department to be less than a full-time work
25 schedule, the member's contributions are determined by multiplying
26 the applicable contribution rate by a fraction, the numerator of
27 which is the number of hours the member actually worked during the

1 period and the denominator of which is the number of hours the
2 member would have worked during the period if the member had been
3 working a full-time work schedule.

4 (b) Each member shall [~~continue to~~] contribute to the fund
5 under the applicable terms of this article [~~section~~] until the
6 member leaves active service with either department. If a member
7 leaves active service with a department, [or until the beginning of
8 the member's 33rd year of pension service, at which time] the member
9 shall cease making contributions.

10 (c) Each Group B member shall authorize the city to deduct
11 from the member's salary a percentage of the member's computation
12 pay. The authorization shall be in writing and filed with the
13 executive director [~~administrator~~].

14 (d) Subject to Subsection (d-1) of this section and except
15 as provided by Section 4.025 of this article, for pay periods
16 starting on or after September 1, 2017, each [~~Each~~] Group B member
17 shall have 13.5 [~~8.5~~] percent of the member's computation pay
18 deducted from the member's wages on a biweekly basis [~~each month,~~
19 ~~and the contributions shall be promptly remitted to the fund by the~~
20 ~~city~~].

21 (d-1) If a Group B member is assigned, for any period, to a
22 job-sharing program or any similar work schedule that is considered
23 by the member's department to be less than a full-time work
24 schedule, the member's contributions are determined by multiplying
25 the applicable contribution rate by a fraction, the numerator of
26 which is the number of hours the member actually worked during the
27 period and the denominator of which is the number of hours the

1 member would have worked during the period if the member had been
2 working a full-time work schedule.

3 (d-2) For purposes of Subsection (d) of this section,
4 "computation pay" includes computation pay paid to a Group B member
5 during any period the member is receiving workers' compensation.

6 (g) The percentage of base pay contributed by Group A
7 members or computation pay contributed by Group B members may not be
8 altered except by an adjustment under Section 4.025 [~~amendment~~
9 ~~pursuant to the terms of Section 4.02~~] of this article.

10 (i) Member contributions under this article or any payments
11 a member is entitled to make under this article to receive
12 additional pension service may be picked up by the city under the
13 terms of an appropriate resolution of the city council.

14 SECTION 14. Section 4.04, Article 6243a-1, Revised
15 Statutes, is amended by amending Subsections (a), (c), (d), (e),
16 (f), (g), (h), (j), and (k) and adding Subsections (f-1) and (h-1)
17 to read as follows:

18 (a) Except as provided by Subsection (d) or (e) of this
19 section, a [A] Group B member who, either voluntarily or
20 involuntarily, leaves active service is entitled to a refund from
21 the fund of the total amount of the member's Plan B and Group B
22 contributions, without interest, that were paid beginning with the
23 effective date of the member's Group B membership or membership in
24 Plan B. A refund under this subsection results in a total
25 cancellation of pension service credit and the member and any
26 person who would otherwise take by, through, or under the member is
27 not entitled to any benefits from the pension system [~~an~~

1 ~~appropriate reduction of pension service].~~

2 (c) A ~~[former]~~ Group B member who desires ~~[desiring]~~ a
3 refund of the Plan B or Group B contributions under Subsection (b)
4 of this section ~~[the person made to the fund]~~ must make written
5 application for the refund with the executive director
6 ~~[administrator]~~. In no case may any refund be made to a [any
7 ~~former]~~ Group B member before the expiration of 30 days after the
8 date the person leaves active service.

9 (d) Subject to Subsection (k) of this section, if a Group B
10 member with less than five years of pension service either
11 voluntarily or involuntarily leaves active service and fails to
12 make written application for a refund of contributions within three
13 years after the date of the notice described by Subsection (j) of
14 this section ~~[is]~~ made by the board, the person forfeits the right
15 to withdraw any portion of the contribution, and the total amount of
16 Plan B and Group B contributions the person made will remain in the
17 fund. If the Group B member described by this subsection dies after
18 leaving active service, the ~~[person's heirs or, if there are no~~
19 ~~heirs, the]~~ deceased member's designee ~~[estate]~~ may apply for the
20 refund of the person's contributions, resulting in an appropriate
21 loss of pension service if the application is filed with the
22 executive director ~~[administrator]~~ within three years after the
23 date of the notice described by Subsection (j) of this section ~~[is]~~
24 made by the board. Subject to Subsection (k) of this section, if a
25 Group B member's designee ~~[heirs or estate]~~ fails to apply for a
26 refund of the Group B member's contributions within the three-year
27 period described by this subsection, the designee forfeits ~~[heirs~~

1 ~~and the estate forfeit]~~ any right to the contributions, and the
2 total amount of the Plan B and Group B contributions made by the
3 Group B member will remain in the fund.

4 (e) Subject to Subsection (k) of this section, if a Group B
5 member with five or more years of pension service either
6 voluntarily or involuntarily leaves active service and fails to
7 make written application for a refund of the person's Plan B and
8 Group B contributions within three years after the date of the
9 notice described by Subsection (j) of this section [~~is~~] made by the
10 board, the person forfeits the right to withdraw any portion of the
11 contributions, and the total amount of the contributions will
12 remain in the fund. A Group B member described by this subsection
13 may, however, apply for a Group B retirement pension [~~benefits~~]
14 under Section 6.02 of this article or, if the Group B member dies
15 before the member is eligible to apply for a Group B retirement
16 pension, the member's qualified survivors [~~benefits, the person's~~
17 ~~heirs or, if there are no heirs, the deceased member's estate~~] may
18 apply for Group B death benefits under Sections 6.06, 6.061, 6.062,
19 and 6.063 of this article. If the Group B member dies before the
20 member is eligible to apply for a Group B retirement pension and the
21 member has no qualified survivors, the Group B member's designee
22 [~~in accordance with the provisions of this article, or the heirs or~~
23 ~~the estate~~] may apply for a refund of the Group B member's Plan B and
24 Group B contributions, resulting in a total cancellation [~~an~~
25 ~~appropriate loss~~] of pension service. Subject to Subsection (k) of
26 this section, if a Group B member's designee [~~heirs or estate~~] fails
27 to apply for a refund of the Group B and Plan B member's

1 contributions within the three-year period described by this
2 subsection, the designee forfeits [~~heirs and the estate forfeit~~]
3 any right to the contributions, and the total amount of the Plan B
4 and Group B contributions made by the Group B member will remain in
5 the fund.

6 (f) Subject to Subsections (g) and (h) of this section, [~~If~~]
7 a Group B member, other than a Group B member who elects or has
8 elected to receive a Group A benefit or a benefit determined under
9 the old plan or Plan A, who [~~with five or more years of pension~~
10 ~~service~~] either voluntarily or involuntarily leaves active service
11 with five or more years of pension service [~~, the person~~] is
12 entitled to:

13 (1) subject to Subsection (f-1) of this section, have
14 the total amount of the person's Plan B and Group B contributions to
15 the fund refunded in accordance with Subsection (a) of this
16 section, which results in a loss of all of the person's accrued
17 pension service; or

18 (2) if the Group B member first entered active service
19 before January 1, 1999, elect to take a refund of less than the
20 total amount of the person's Plan B and Group B contributions while
21 leaving a sufficient amount to retain pension service amounting to
22 five or more years.

23 (f-1) A Group B member who elects to receive a refund under
24 Subsection (f)(1) of this section and any person who would
25 otherwise take by, through, or under the member is not entitled to
26 any benefits from the pension system.

27 (g) If a Group B member elects a refund of a portion of the

1 person's contributions under Subsection (f)(2) of this section, the
2 amount of the refund shall equal the total amount of the person's
3 Plan B and Group B annual contributions, without interest, for each
4 full year of pension service canceled [~~cancelled~~], computed based
5 on the earliest contributions made.

6 (h) A [~~former~~] Group B member who first entered active
7 service on or after January 1, 1999, is entitled to have the total
8 amount of the person's Group B contributions refunded under
9 Subsection (a) of this section in accordance with Subsection (f)(1)
10 of this section, but may not receive a refund of less than the total
11 amount in accordance with Subsection (f)(2) of this section.

12 (h-1) A Group B member who leaves active service and later
13 returns to active service is permitted to repay to the fund any
14 previously withdrawn employee contributions and receive pension
15 service in accordance with Section 5.07(d) of this article as a
16 Group B member to the extent that [~~if,~~] before again leaving active
17 service, the Group B member repays [~~completely~~] to the fund the
18 previously withdrawn contributions with interest, calculated at
19 the interest rate from time to time used in the pension system's
20 actuarial rate of return assumptions, compounded annually, on the
21 previously withdrawn contributions [~~for the period from the date~~
22 ~~the contributions were withdrawn until the date the principal and~~
23 ~~accrued interest are repaid in full~~].

24 (j) On the 58th [~~50th~~] anniversary of the birth of a Group B
25 member described by Subsection (d) or (e) of this section, or on the
26 board's receipt of notice of the death of the Group B member, the
27 board shall, by registered or certified mail, return receipt

1 requested, attempt to notify the Group B member, qualified
 2 survivor, or designee [~~the member's heirs or estate~~], as
 3 applicable, of the status of the person's [~~their~~] entitlement to a
 4 refund of contributions from the fund.

5 (k) A Group B member or designee described by Subsection (d)
 6 or (e) of this section [~~or the heirs or estate of the Group B member~~]
 7 shall have the person's [~~their~~] right, title, interest, or claim to
 8 a refund of the Group B member's contributions reinstated only on
 9 the board's grant of their written request for a reinstatement and
 10 refund. The board's decision shall be based on a uniform and
 11 nondiscriminatory basis [~~policy that it shall, from time to time,~~
 12 ~~adopt~~].

13 SECTION 15. Section 4.06(c), Article 6243a-1, Revised
 14 Statutes, is amended to read as follows:

15 (c) The authority of the board to make a custody account or
 16 master trust agreement is supplementary to its authority to make an
 17 investment management contract. Allocation of assets to a custody
 18 account or master trust shall be coordinated by the executive
 19 director [~~administrator~~], as authorized by the board, and the bank
 20 designated as custodian or master trustee for the assets.

21 SECTION 16. Section 4.07, Article 6243a-1, Revised
 22 Statutes, is amended by amending Subsections (a), (d), and (g) and
 23 adding Subsection (h) to read as follows:

24 (a) Subject to Section 4.071 of this article, if [~~if~~] the
 25 board determines that there is in the fund a surplus exceeding a
 26 reasonably safe amount to take care of current demands on the
 27 pension system, the board may invest or direct the investment of the

1 surplus for the sole benefit of the pension system.

2 (d) The board also has the authority to contract for
3 professional investment management services. Any contract that the
4 board makes with an investment manager shall set forth the board's
5 investment policies and guidelines [~~of the board for the use of~~
6 ~~standard rating services and shall include specific criteria for~~
7 ~~determining the quality of investments~~]. A professional investment
8 management service shall receive such compensation as may be
9 determined by the board in accordance with Section 4.01 of this
10 article.

11 (g) A [~~No investment manager, other than a~~] bank or trust
12 company that has custody and trustee powers and a contract with the
13 board to provide assistance in making investments[~~r~~] shall be the
14 custodian or master trustee of any of the securities or other assets
15 of the fund. Pursuant to Section 4.06 of this article, the board
16 may designate a bank to serve as custodian or master trustee, or
17 subcustodian or submaster trustee, to perform the customary duty of
18 safekeeping as well as duties incident to the execution of
19 transactions. As the demands of the pension system require, the
20 board shall withdraw from the custodian or master trustee money
21 previously considered surplus in excess of current cash and
22 proceeds from the sale of investments. The money may without
23 distinction be used for the payment of benefits pursuant to each of
24 the plans within the pension system and for other uses authorized by
25 this article and approved by the board.

26 (h) The board through policy shall establish an investment
27 advisory committee composed of trustees and outside investment

1 professionals to review investment related matters as prescribed by
2 the board and make recommendations to the board. A majority of the
3 members of the committee established under this subsection must be
4 outside investment professionals.

5 SECTION 17. Part 4, Article 6243a-1, Revised Statutes, is
6 amended by adding Section 4.071 to read as follows:

7 Sec. 4.071. BOARD APPROVAL OF CERTAIN ALTERNATIVE
8 INVESTMENTS. (a) The executive director, an investment manager, a
9 provider of professional investment management services or
10 professional advisory services, or any other person delegated
11 authority to invest or reinvest pension system assets under this
12 article may not invest pension system assets in a single
13 alternative investment unless the board votes to approve the
14 investment by a two-thirds vote of all the members.

15 (b) The board may adopt rules necessary to implement this
16 section.

17 SECTION 18. Section 4.08(a), Article 6243a-1, Revised
18 Statutes, is amended to read as follows:

19 (a) The executive director [~~board~~] has the authority to
20 employ a qualified actuary to provide a continuing observation of
21 the operation of the pension system and to make recommendations and
22 give advice to the board about the condition of the assets of the
23 fund and the administration of the pension system. A qualified
24 actuary shall receive such compensation as is determined by the
25 board in accordance with Section 4.01 of this article.

26 SECTION 19. Section 4.09, Article 6243a-1, Revised
27 Statutes, is amended to read as follows:

1 Sec. 4.09. REWARDS, DONATIONS, AND CONTRIBUTIONS. Any
2 reward, donation, or contribution given to any member as payment or
3 gratuity for service performed in the line of duty shall be turned
4 over to the chief of the member's department, who shall, in turn,
5 forward the reward, donation, or contribution to the executive
6 director [~~administrator~~] of the pension system for deposit in the
7 fund.

8 SECTION 20. Section 5.01, Article 6243a-1, Revised
9 Statutes, is amended to read as follows:

10 Sec. 5.01. MEMBERSHIP IN COMBINED PENSION PLAN. (a) The
11 membership of the combined pension plan is composed of the
12 following persons:

13 (1) Group A members:

14 (A) police officers or fire fighters who are on
15 active service and who as of February 28, 1973, had filed a written
16 statement with the pension system of their desire to participate in
17 either the old plan or Plan A;

18 (B) police officers and fire fighters who are on
19 active service and [7] who were employed and receiving compensation
20 from the city as a police officer or a fire fighter before March 1,
21 1973, and who made contributions to either the old plan or Plan A
22 attributable to any period of employment before March 1, 1973; and

23 (C) except as provided by Subsection (b) of this
24 section, persons who elect to become Group A members under that
25 subsection; and

26 (2) Group B members:

27 (A) police officers and fire fighters who are on

1 active service and who [7] were formerly members of either the old
2 plan or Plan A[7] and who, as of April 30, 1973, had filed a written
3 statement with the pension system of their desire to participate in
4 Plan B;

5 (B) police officers and fire fighters who are on
6 active service and who on or after March 1, 1973, and before January
7 1, 1993, became members of Plan B;

8 (C) as a condition of employment, any police
9 officer [~~office~~] or fire fighter who is initially employed as a
10 police officer or a fire fighter by the city on or after January 1,
11 1993;

12 (D) as a condition of return to active service
13 and except as provided by Subsection (b) of this section, former
14 members of the old plan or Plan A who left active service before
15 March 1, 1973;

16 (E) as a condition of return to active service
17 and except as provided by Subsection (c) of this section, former
18 Group B members who are no longer on active service, whether or not
19 the persons were ever a member of the old plan, Plan A, or the
20 combined pension plan;

21 (F) Group A members who are on active service and
22 meet the requirements and make an election under Subsection (d) of
23 this section; and

24 (G) persons who are on active service and make an
25 election under Subsection (e) of this section.

26 (b) A person who has received an old plan, Plan A, or
27 combined pension plan retirement or disability pension on or after

1 March 1, 1973, may, if the person returns to active service, elect
2 to participate as a Group A or Group B member by filing a written
3 application for membership with the executive director
4 ~~[administrator]~~ not later than 60 days after the date of return to
5 active service. ~~[As a condition of either Group A or Group B~~
6 ~~membership, the board may require the person to undergo a physical~~
7 ~~examination and be certified by the health director as being~~
8 ~~capable of performing the duties to which the person will be~~
9 ~~assigned.]~~ If the person described by this subsection does not
10 elect to become a Group A or Group B member, the person shall on
11 leaving active service receive a retirement pension in an amount
12 that is unadjusted for the period of return to active service if the
13 person meets all of the requirements of Group A membership.

14 (c) A Group B pensioner who was never a member of the old
15 plan, Plan A, or the combined pension plan before January 1, 1993,
16 may, if the person returns to active service, elect to become a
17 Group B member by filing a written application for membership with
18 the executive director ~~[administrator]~~ not later than 60 days after
19 the date of return to active service. ~~[As a condition of Group B~~
20 ~~membership, the board may require the pensioner to undergo a~~
21 ~~physical examination and be certified by the health director as~~
22 ~~being capable of performing the duties to which the person will be~~
23 ~~assigned.]~~ If the person described by this subsection does not
24 elect to again become a Group B member, on leaving active service,
25 if the person meets all applicable requirements of this article,
26 the person shall receive benefits in an amount equal to the amount
27 the person was receiving as of the day before the day the person

1 returned to active service, and the person's base pension shall be
2 the same as the base pension originally computed before the return
3 to active service.

4 (d) A person who is on active service and is a Group A member
5 may, before the person participates in DROP, irrevocably elect to
6 become a Group B member by filing a written application with the
7 executive director [~~administrator~~]. On and after the filing of the
8 application, the Group A member shall make contributions to the
9 fund at the rate applicable to Group B members. However, the
10 contributions do not, by themselves, establish [~~constitute~~] Group B
11 membership. Group B membership is contingent on the satisfaction
12 of the following conditions:

13 (1) the [~~The~~] person must, before the person elects to
14 participate in DROP, pay an amount to the fund equal to the
15 difference between the contributions the person would have made to
16 the fund had the person been a Group B member for the entire period
17 the person could otherwise have been a Group B member before making
18 application for membership and the contributions the person
19 actually made during that period, plus interest calculated in
20 accordance with procedures adopted by the board from time to time;
21 and [-]

22 (2) the [~~The~~] payments described by this subsection
23 must be completed before the earlier of the date on which the person
24 begins participation in DROP or leaves active service in accordance
25 with procedures adopted by the board from time to time.

26 (d-1) If the fund does not receive payment under Subsection
27 (d)(1) of this section by the [~~that~~] date prescribed by Subsection

1 (d)(2) of this section, all payments made under Subsection (d)(1)
 2 of this section [~~of this type~~], as well as those amounts paid by the
 3 person after the person's application for Group B membership that
 4 are in excess of the Group A member contribution rate, shall be
 5 returned without accrued interest to the person, or in the event of
 6 the person's death to the person's designee [~~surviving spouse,~~
 7 ~~children, or estate~~], as applicable.

8 (e) A person who is on active service and has never been a
 9 member of any plan within the pension system may elect to become a
 10 Group B member on a prospective basis by filing a written
 11 application for membership with the executive director
 12 [~~administrator~~].

13 SECTION 21. Sections 5.02(a), (d), (e), (h), and (i),
 14 Article 6243a-1, Revised Statutes, are amended to read as follows:

15 (a) The effective date of Group B membership for a person
 16 who becomes a Group B member under [~~persons described by~~] Section
 17 5.01(a)(2)(A) or (B) of this article is the date the Group B member
 18 first became a member of Plan B [~~January 1, 1993~~].

19 (d) The effective date of Group B membership for a person
 20 [~~former Group B member~~] who again becomes a Group B member and is
 21 described by Section 5.01(a)(2)(E) of this article is the person's
 22 original effective date of Group B membership, adjusted for any
 23 period for which [~~that~~] the person was not on active service or [~~7~~
 24 ~~if the person~~] has [~~not~~] withdrawn some, but not all, contributions
 25 to the fund pursuant to Section 4.04 of this article. If, however,
 26 the person withdraws [~~former Group B member has withdrawn~~] all
 27 contributions to the fund in accordance with Section 4.04 of this

1 article, and the person does not replace the previously withdrawn
2 contributions together with interest as provided by Section
3 4.04(h-1) [~~4.04(h)~~] of this article, the effective date of the
4 person's membership is the date of return to active service.

5 (e) The effective date of membership for a person who
6 becomes a Group B member pursuant to Section 5.01(b) of this article
7 is the date written application for the membership is filed with the
8 executive director [~~administrator~~]. The effective date of
9 membership for a person who becomes a Group A member pursuant to
10 Section 5.01(b) of this article is the person's original effective
11 date of membership in the old plan, Plan A, or the combined pension
12 plan, whichever is applicable.

13 (h) A person described by Subsection (a), (c), (d), (e),
14 (f), or (g) of this section shall be given full pension service for
15 the time the person was a contributing member of the old plan, Plan
16 A, the combined pension plan, and Plan B, and the pension service
17 shall be counted as if it had been earned while a Group B member.
18 Neither the length of time persons described by Subsection (a),
19 (c), (d), (e), (f), or (g) of this section received a retirement or
20 disability pension, whether under the old plan, Plan A, the
21 combined pension plan or Plan B, nor the amount of any benefits paid
22 to the person shall have any effect on the pension service earned by
23 the person. No pension service may be earned while on service
24 retirement or disability retirement, or when the person was not on
25 active service. Except as provided by Sections 5.08 [~~5.02~~] and 5.09
26 of this article, a person described by Subsection (a), (c), (d),
27 (e), (f), or (g) of this section may not be allowed to contribute to

1 the fund in order to receive pension service for the time the person
2 was not on active service, regardless of whether the person was
3 actually receiving a pension.

4 (i) The effective date of Group B membership for a person
5 who becomes a Group B member pursuant to Section 5.01(e) of this
6 article is the date on which written application for Group B
7 membership is filed with the executive director [~~administrator~~].

8 SECTION 22. Section 5.03, Article 6243a-1, Revised
9 Statutes, is amended by amending Subsections (c) and (d) and adding
10 Subsection (c-1) to read as follows:

11 (c) A Group B member who is on active service and [~~or former~~
12 ~~Group B member who also~~] was a former contributing member of either
13 the old plan or Plan A may elect, when applying for either a
14 retirement or disability pension if applicable, to terminate
15 membership and receive a Group A retirement or disability pension
16 under the applicable provisions of this article, if the Group B
17 member's application for retirement or disability pension is
18 granted by the board.

19 (c-1) A Group B member who is not on active service and was a
20 former contributing member of either the old plan or Plan A may
21 elect, when applying for a retirement pension, to terminate
22 membership and receive a Group A retirement pension under the
23 applicable provisions of this article, if the Group B member's
24 application for retirement pension is granted by the board.

25 (d) If a Group B member [~~or former Group B member~~]
26 by Subsection (c) or (c-1) of this section has elected and been
27 granted a Group A retirement or disability pension under the

1 applicable provisions of this article, the person is entitled to a
 2 reimbursement from the fund. The reimbursement shall be equal to
 3 that portion of the person's contributions to the fund, without
 4 interest, from the person's effective date of Group B membership
 5 until the time the person left active service~~[7]~~ that is in excess
 6 of the total amount the person would have contributed as a Group A
 7 member or as a member of the old plan or Plan A for the same period.
 8 A Group B member ~~[or former Group B member]~~ desiring a refund of
 9 excess contributions must make written application for the refund
 10 with the executive director ~~[administrator]~~ within three years
 11 after the date the person's Group A retirement or disability
 12 pension, whichever is applicable, begins, otherwise, the person
 13 will ~~[or]~~ lose all right, title, interest, or claim to the refund
 14 until such time as the board grants the refund in response to the
 15 person's written request. The refund shall be made as soon as
 16 practicable after written application is filed with the executive
 17 director ~~[administrator]~~.

18 SECTION 23. Section 5.04, Article 6243a-1, Revised
 19 Statutes, is amended to read as follows:

20 Sec. 5.04. GROUP B MEMBERSHIP MAY BE DECLARED INACTIVE. (a)
 21 Except as provided by Subsection (d)(1) of this section, if ~~[If]~~ a
 22 Group B member with less than five years of pension service either
 23 voluntarily or involuntarily leaves active service, the person's
 24 Group B membership remains active as long as the person has not
 25 withdrawn the person's contributions pursuant to Section 4.04 of
 26 this article.

27 (b) Except as provided by Subsection (d)(2) of this section,

1 if [~~if~~] a Group B member with five or more years of pension service
2 either voluntarily or involuntarily leaves active service, the
3 person's Group B membership remains active as long as the person has
4 not withdrawn the person's entire contributions pursuant to Section
5 4.04 of this article.

6 (c) Except as provided by Subsection (d)(3) of this section,
7 if [~~if~~] the board receives valid information that a Group B primary
8 party has died, [~~leaving one or more heirs,~~] the board shall, by
9 registered or certified mail, return receipt requested, attempt to
10 notify:

11 (1) the qualified survivors [~~heirs~~] of the primary
12 party of the procedures for applying and qualifying for death
13 [~~survivor~~] benefits under Section 6.06, 6.061, 6.062, or 6.063 of
14 this article; or

15 (2) if the primary party does not have any qualified
16 survivors, the primary party's designee of the procedures for
17 applying for [~~or~~] a refund of the [~~Group B~~] primary party's
18 contributions, if applicable, in accordance with Section 4.04 of
19 this article.

20 (d)(1) Subject to the provisions of Subdivision (5)(A) of
21 this subsection, the membership of a Group B member described by
22 Subsection (a) of this section shall be declared inactive and all of
23 the person's accrued pension service voided if the person does not
24 return to active service within three years after the date of
25 [~~receiving~~] the notice described by Subdivision (4) of this
26 subsection.

27 (2) Subject to the provisions of Subdivision (5)(B) of

1 this subsection, the membership of a Group B member described by
2 Subsection (b) of this section shall be declared inactive and all of
3 the person's accrued pension service voided if the person does not
4 file an application for a Group B retirement pension with the board
5 within three years after the date of [~~receiving~~] the notice
6 described by Subdivision (4) of this subsection.

7 (3) Subject to the provisions of Subdivision (5)(C) of
8 this subsection, if a primary party described by Subsection (c) of
9 this section:

10 (A) does not have any qualified survivors, the
11 designee has [~~the heirs or estate of a deceased primary party~~
12 ~~described by Subsection (c) of this section have~~] no right, title,
13 interest, or claim for [~~benefits or~~] a refund of the primary party's
14 contributions to the fund[~~7~~] if the designee does not file an
15 application for the primary party's contributions within three
16 years after the date of the notice described in Subsection (c) of
17 this section; or

18 (B) has qualified survivors, the qualified
19 survivors have no right, title, interest, or claim to [~~heirs or the~~
20 ~~estate, whichever is applicable, fails to file an application for~~]
21 the primary party's death benefits if the qualified survivor does
22 not file an application for the benefits [~~or contributions~~] within
23 three years after the date of [~~receiving~~] the notice described in
24 Subsection (c) [~~by Subdivision (4)~~] of this section [~~subsection~~].

25 (4) On the 58th [~~50th~~] anniversary of the birth of a
26 Group B member described by Subsection (a) or (b) of this section
27 [~~or on the board's receipt of notice of the death of a primary party~~

1 ~~described by Subsection (c) of this section~~, the board shall, by
2 registered or certified mail, return receipt requested, attempt to
3 notify:

4 (A) the [Group B] member [or the heirs or estate
5 ~~of a primary party, whichever is applicable,~~ of the status of the
6 member's [their] entitlement to benefits or contributions from the
7 fund; or

8 (B) if the board receives valid information that
9 the member has died, the qualified survivors of the deceased person
10 or, if none exists, the designee of the deceased person.

11 (5)(A) A Group B member described by Subdivision (1)
12 of this subsection shall have the person's Group B membership and
13 pension service reinstated on the person's return to active
14 service.

15 (B) A Group B member described by Subdivision (2)
16 of this subsection shall have the person's Group B membership and
17 pension service reinstated on the person's return to active service
18 or on the grant of the person's written request to the board of the
19 person's desire to apply for a Group B ~~[service]~~ retirement pension
20 under Section 6.02 of this article [benefit].

21 (C) A primary party's qualified survivors or
22 designee, as appropriate, [The heirs or estate of a primary party]
23 described by Subdivision (3) of this subsection shall have their
24 right, title, interest, or claim to the primary party's refund of
25 the party's contributions reinstated on the board's grant of their
26 written request ~~[for the reinstatement and refund]~~. ~~[The board's~~
27 ~~decision shall be based on a uniform and nondiscriminatory policy~~

1 ~~that it shall, from time to time, adopt.]~~

2 SECTION 24. Section 5.05, Article 6243a-1, Revised
3 Statutes, is amended to read as follows:

4 Sec. 5.05. PENSION SERVICE. (a) Subject to Subsection (d)
5 of this section and except as provided by Subsection (e) of this
6 section, a [A] member shall receive pension service for the time,
7 computed in years and fractional years for months and days,
8 completed as a member of the combined pension plan, the old plan,
9 Plan A, or Plan B.

10 (b) A member who elects to pay contributions for time spent
11 on military leave, authorized leave of absence, or for an
12 apprenticeship or probationary period, or for any other reason
13 provided for by this article may ~~[not]~~ receive ~~[any]~~ pension
14 service for ~~[any part of]~~ the time for which the member is
15 contributing only to the extent provided under Section 5.07(d),
16 5.08, or 5.09 of this article ~~[until the entire amount due the fund~~
17 ~~for the entire period involved has been paid as if the service were~~
18 ~~performed as a member].~~

19 (c) If a member, either voluntarily or involuntarily,
20 leaves active service and later returns to active service, the
21 person shall receive full pension service for the period of the
22 person's original membership, if the person did not withdraw the
23 person's contributions pursuant to Section 4.04 of this article.
24 If, however, the member had withdrawn the person's contributions
25 and did ~~[does]~~ not replace the previously withdrawn contributions
26 ~~[with interest]~~ as required by Section 4.04 of this article, the
27 member ~~[person]~~ forfeits any pension service attributable to any

1 period of time for which the respective contributions were not
2 repaid [accrued while a member before the date of the person's
3 return to active service].

4 (d) If a member is assigned, for any period, to a
5 job-sharing program or any similar work schedule that is considered
6 by the member's department to be less than a full-time work
7 schedule, the member's pension service is determined by multiplying
8 the pension service that could have been earned for full-time work
9 during the period by a fraction, the numerator of which is the
10 number of hours the member actually worked during the period and the
11 denominator of which is the number of hours the member would have
12 worked during the period if the member had been working a full-time
13 work schedule. This proration may not affect the computation of
14 pension service for a member during any period the member is on
15 leave:

16 (1) because of an illness or injury; or
17 (2) receiving periodic payments of workers'
18 compensation.

19 (e) Notwithstanding any other provision in this section, a
20 member may not receive pension service attributable to nonqualified
21 service to the extent the pension service would result in either
22 more than five years of permissive service attributable to
23 nonqualified service being taken into account, or any permissive
24 service being taken into account before the member has completed at
25 least five years of active service. In this subsection,
26 "permissive service" and "nonqualified service" have the meanings
27 described by Section 415(n)(3) of the code.

1 SECTION 25. Sections 5.06, 5.07, 5.08, and 5.09, Article
2 6243a-1, Revised Statutes, are amended to read as follows:

3 Sec. 5.06. VESTED RIGHTS OF GROUP B MEMBERS. (a) If a Group
4 B member accrues five years of pension service, whether the pension
5 service is accrued while a Group B member or while a member of the
6 old plan, Plan B, Plan A, the combined pension plan, or a
7 combination of the plans, the Group B member has vested rights and
8 is eligible to apply for a retirement pension in accordance with
9 Section 6.02 of this article.

10 (b) If a Group B member has vested rights as determined
11 under Subsection (a) of this section, and the Group B member either
12 voluntarily or involuntarily leaves active service before becoming
13 eligible to receive any benefits under Section 6.02 of this
14 article, the person shall be provided with a letter approved by the
15 board and signed by the executive director [~~administrator~~] that,
16 barring unrepaid refunds, clerical error, miscalculation, or other
17 error, is incontestable and shall state:

18 (1) the total amount of pension service the Group B
19 member had accrued until the date the person left active service;

20 (2) the total amount of contributions the Group B
21 member made under the terms of Plan B and the combined pension plan;
22 and

23 (3) the monthly retirement pension due the Group B
24 member at age 58 [~~50~~].

25 Sec. 5.07. PURCHASE OF PENSION SERVICE BY GROUP B MEMBERS.

26 (a) A Group B member who is on active service and has previously
27 elected not to become a contributing member of the old plan or [~~and~~]

1 Plan A may purchase pension service from the fund for that period
2 during which the member performed active service with either
3 department until the effective date of the member's Group B
4 membership. No pension service may be given to the Group B member
5 except to the extent that ~~[until]~~ payment is made for the ~~[entire~~
6 ~~period described by this subsection, and no]~~ pension service in
7 accordance with Subsection (d) of this section ~~[may be purchased~~
8 ~~for any period that is of greater or lesser length]~~.

9 (b) Payment for the purchase of pension service under
10 Subsection (a) of this section shall be equal to the amount of
11 contributions the Group B member would have made to the old plan and
12 Plan A had the member been a contributing member of either of the
13 plans during the period for which the pension service is being
14 purchased ~~[described by Subsection (a) of this section]~~, plus
15 interest calculated in accordance with procedures adopted by the
16 board from time to time.

17 (c) Subject to Subsection (d) of this section, a ~~[A]~~ Group B
18 member who is on active service may repay the fund all or a portion
19 of the employee contributions withdrawn by an alternate payee
20 pursuant to the terms of a qualified domestic relations order ~~[and~~
21 ~~receive pension service as a Group B member attributable to the~~
22 ~~contributions, if the Group B member repays completely to the fund~~
23 ~~the withdrawn contributions]~~ with interest, calculated at the
24 interest rate from time to time used in the pension system's
25 actuarial rate of return assumptions, compounded annually, on the
26 contributions for the period from the date the contributions were
27 withdrawn until the date the principal and accrued interest are

1 repaid, and receive pension service as a Group B member, in
2 accordance with Subsection (d) of this section, for the period for
3 which the contributions and interest were paid [~~in full~~].

4 (d) [~~No pension service may be given to a Group B member~~
5 ~~under Subsection (b) or (c) of this section until the entire amount~~
6 ~~described by Subsection (b) or (c) has been paid to the fund.~~] If
7 payment of the entire amount of pension service a member is entitled
8 to under Subsection (a) or (c) of this section or under Section
9 4.04(h-1) of this article is not completed by the earlier of the
10 date the Group B member begins participation in DROP or the date the
11 member [~~is not completed by the date the Group B member~~] leaves
12 active service, pension service will be provided only for the
13 number of full years of pension service that the contributions and
14 interest paid under those provisions will purchase, computed based
15 on the most recent years for which the member was entitled to
16 purchase pension service. Except for pension service that is
17 picked up by the city under the authority of Section 414(h)(2) of
18 the code, a fractional year of pension service may be purchased only
19 if less than a full year of pension service is available for
20 purchase.

21 (e) The amounts paid but insufficient to purchase one or
22 more whole years of pension service that remain available for
23 purchase, including any interest paid by the Group B member, must be
24 returned to the Group B member or, if the Group B member has died, to
25 the Group B member's designee, without any accrued interest on the
26 returned money.

27 (f) Notwithstanding any other provision of this section,

1 any amounts that have been picked up and paid by the city may not be
2 paid to a member or designee, and the member shall be given credit
3 for all years, and fractions of years, of pension service that can
4 be purchased with the picked-up contributions ~~[all partial payments~~
5 ~~shall be returned to the Group B member or, if the Group B member has~~
6 ~~died, to the member's heirs or estate, whichever is applicable].~~

7 Sec. 5.08. MEMBERS IN UNIFORMED ~~[ARMED]~~ SERVICES. (a) In
8 this section, "service in the uniformed services" has the meaning
9 assigned by the federal Uniformed Services Employment and
10 Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.).

11 (a-1) A member who is reemployed by the city after an
12 absence due to service in the uniformed services shall receive
13 contributions, benefits, and pension service that are no less
14 favorable than those required by Section 414(u) of the code in
15 accordance with the procedure described by Subsection (c) of this
16 section ~~[may receive pension service for time spent away from~~
17 ~~either department while on active duty in any of the military~~
18 ~~services of the United States, including service in any state or~~
19 ~~National Guard or any reserve component of any military service in~~
20 ~~accordance with the military leave provided by this section].~~

21 (b) To the extent a provision of this section that was in
22 effect before November 25, 1996, would provide a member who was on
23 active service with the pension system before November 25, 1996,
24 with greater rights, the prior provision of this section applies
25 ~~[Any member inducted into the armed forces as a draftee must reapply~~
26 ~~for reinstatement with the member's prior department within 90 days~~
27 ~~after the date of honorable discharge or separation from military~~

1 ~~service. On such reinstatement, the member may elect to repay the~~
2 ~~member's contributions at any time under the procedure described by~~
3 ~~Subsection (h) of this section].~~

4 (c) Payment for credit for pension service under this
5 section [~~Any member enlisting in the armed forces, other than as a~~
6 ~~reservist, whose military service between June 24, 1948, and August~~
7 ~~1, 1961, did not exceed four years, or whose military service began~~
8 ~~after August 1, 1961, and did not exceed five years if the fifth~~
9 ~~year is at the request and convenience of the federal government,~~
10 ~~and who was honorably discharged or separated from service is~~
11 ~~guaranteed, under the provisions of coverage described by this~~
12 ~~subsection, the right to restore pension service under the~~
13 ~~procedure described by Subsection (h) of this section. The four-~~
14 ~~and five-year leaves permitted by this subsection apply to all of a~~
15 ~~member's employment with the city. An enlistment plus any number of~~
16 ~~reenlistments may not exceed the four- or five-year limitations~~
17 ~~stated above.~~

18 [~~(d) Any member ordered to an initial period of active duty~~
19 ~~for training in a reserve component of not less than 12 consecutive~~
20 ~~weeks is entitled to restore pension service for the period absent~~
21 ~~from the member's department, if the member returns to the member's~~
22 ~~department within 31 days after the date of honorable discharge or~~
23 ~~separation from duty in the reserve unit.~~

24 [~~(e) Any member serving in a reserve component, voluntarily~~
25 ~~or involuntarily, may remain on military leave for four years,~~
26 ~~which may be extended for periods when the President of the United~~
27 ~~States calls the reserve unit into active duty. The service~~

~~extension for members joining a reserve unit voluntarily is available only when the additional service is at the request and for the convenience of the federal government. Any member returning to the member's department under this provision must report back to work within the time specified to the member by the department, giving due regard for travel time and hospitalization, if required. Any inquiry into the validity of orders extending terms of reservist active duty for training will be referred to the Department of Labor's Office of Veterans' Employment and Training.~~

~~[(f) Any member on military leave for short periods of authorized training, such as two-week encampments, are treated as on leave with pay for up to 15 working days in any one calendar year, during which time pension service automatically accrues. Leave in excess of 15 days will be treated as described by Subsection (c) of this section.~~

~~[(g) With the exception of those circumstances described by Subsection (f) of this section, the city is not required to match contributions made by members under the terms of this section.~~

~~[(h) Repayment]~~ shall be made in accordance with Section 5.07 of this article and a ~~[the procedure set forth in any]~~ uniform and nondiscriminatory ~~[military leave and payment]~~ procedure adopted by the board ~~[and in effect from time to time]~~.

Sec. 5.09. NON-UNIFORMED ~~[NONMILITARY]~~ LEAVE OF ABSENCE.

(a) An "authorized non-uniformed leave of absence" means any leave of absence that meets one of the following requirements ~~[conditions]~~:

- (1) the leave of absence was unpaid and granted by the

1 member's department in accordance with the federal Family and
2 Medical Leave Act of 1993 (29 U.S.C. Section 2601 et seq.); or

3 (2) the leave of absence was unpaid and was ~~[must be]~~
4 an official leave authorized and certified by the chief of the
5 member's ~~[either]~~ department as being beneficial to ~~[, and~~

6 ~~[(2) the leave of absence must be for the purpose of~~
7 ~~benefitting]~~ the department.

8 (b) Subject to the requirements of this section and any
9 procedures adopted by the board, a [A] member may receive pension
10 service for time spent away from the member's ~~[either]~~ department
11 on an authorized non-uniformed ~~[nonmilitary]~~ leave of absence. To
12 receive pension service under this section ~~[for a nonmilitary leave~~
13 ~~of absence, the following conditions must be met:~~

14 ~~[(1) before the date the member's leave of absence is to~~
15 ~~begin]~~, the member must file with the executive director
16 ~~[administrator]~~ a written application to pay to the fund both:

17 (1) the member contributions the member would have
18 made to the fund had the member remained on active service and had
19 there been no change in the member's position or hours of work
20 during the period of the authorized leave of absence; and

21 (2) the contributions the city would have made to the
22 fund on the member's behalf ~~[any contributions that will accrue~~
23 ~~during the member's leave as set forth in Subdivisions (2) and (3)~~
24 ~~of this subsection;~~

25 ~~[(2) the member must agree to pay into the fund the~~
26 ~~amount the member would have contributed had the member remained on~~
27 ~~active service, the amount to be based on the computation pay the~~

1 ~~member would have normally received had there been no change in the~~
2 ~~member's position during the period of leave,~~

3 ~~[(3) the member must agree to pay into the fund an~~
4 ~~amount equal to the amount the city would have contributed computed~~
5 ~~on the basis of total wages and salary the member would normally~~
6 ~~have received]~~ had the member remained on active service and had
7 there been no change in the member's position or hours of work
8 during the period of the authorized leave of absence.

9 (b-1) Contributions made under Subsection (b)(2) of this
10 section may not be refunded to the member.

11 (b-2) The written application described by Subsection (b)
12 of this section must be filed before the member's leave of absence
13 begins, unless the pension system determines that it would not be
14 reasonable to expect the member to file the application before the
15 leave of absence begins, in which case the application must be filed
16 as soon as circumstances permit, as determined by the pension
17 system. [~~leave, the payment to represent the total amount that~~
18 ~~would have been contributed by the city on the member's behalf had~~
19 ~~the member remained on active service and paid in addition to the~~
20 ~~amount the member must contribute as set forth in Subdivision (2) of~~
21 ~~this subsection,~~]

22 (b-3) To receive pension service under this section, the
23 following additional conditions must also be met:

24 (1) [(4)] if the member's contribution rate, the
25 city's contribution rate, or both the member's and city's
26 contribution rates change before the end of the member's leave of
27 absence [~~changes as provided by Section 4.02 of this article], the~~

1 percentage [~~of total wages and salary~~] required to be paid by the
2 member also changes, so that the amount paid by the member in
3 accordance with this section always equals the amount that would
4 have been contributed by the member, and by the city on the member's
5 salary [~~behalf~~] had the member remained on active service [~~, and in~~
6 ~~no event is the city required to pay into the fund any contributions~~
7 ~~that would have been made on behalf of a member had the member~~
8 ~~remained on active service during the period of an authorized leave~~
9 ~~of absence~~];

10 (2) [~~(5)~~] payment of contributions as set forth in
11 Subsection (b) of this section [~~Subdivisions (3) and (4) of this~~
12 ~~subsection~~] shall begin coincident with the beginning of the
13 applicable leave of absence and shall be made monthly to the
14 executive director [~~administrator~~] for deposit in the fund, unless
15 the board authorizes the deferment of the payments, in which case
16 the payments must include interest calculated in accordance with
17 Subsection (b-4) of this section [~~until the member has returned to~~
18 ~~active service~~];

19 (3) no pension service will be granted to the member
20 until the member returns to active service, and if the member does
21 not return to active service, the contributions paid, including any
22 interest paid, will be returned to the member except as provided by
23 Subsection (c) of this section;

24 (4) if the board authorizes the deferment of the
25 payments under Subdivision (3) of this subsection, the payment must
26 [~~may~~] be made either by authorizing the deduction of pro rata
27 portions of the total amount due from the member's salary over a

1 one-year period, or by cash payment made to the executive director
2 [~~administrator~~] within one year after the date of the member's
3 return to active service, except that the board may approve a longer
4 period for making the payment if it finds that the one-year limit
5 would work a financial hardship on the member;

6 (5) [~~(6)~~] the member must return to active service
7 within 90 days after the date the member's authorized leave
8 expires, or if the member's authorized leave does not have a fixed
9 expiration date, within a reasonable time to be determined by the
10 board, or the member forfeits the right to pay for the leave time;
11 and

12 (6) [~~(7)~~] no member may ever be allowed to pay leave of
13 absence contributions under this section for any time in excess of
14 the time actually spent on an authorized leave of absence.

15 (b-4) For purposes of Subsection (b-3)(2) of this section,
16 interest is calculated from the date the member's payment was first
17 due, at the interest rate from time to time used in the pension
18 system's actuarial rate of return assumptions, compounded annually
19 until the date the principal and accrued interest are repaid in
20 full.

21 (c)(1) If a member of the combined pension plan is disabled
22 or dies while on an authorized leave of absence, the member or the
23 member's designee is [~~heirs are~~] entitled to [~~either~~] a refund of
24 contributions pursuant to Section 4.04 of this article or the
25 member or the member's qualified survivors are entitled to benefits
26 under the provisions of this article, to the extent applicable.

27 (2) A member who is disabled or dies while on leave of

1 absence pursuant to this section may receive no pension service for
 2 any portion of the period of the leave, ~~[+]~~ except that if the
 3 member had, before the member's disability or death, paid for
 4 contributions while on leave of absence in accordance with
 5 ~~[Subsection (a) of]~~ this section, the member shall receive pension
 6 service for the leave time actually paid for at the time of the
 7 member's disability or death. The ~~[, but the]~~ member may receive no
 8 pension service for any portion of the period of leave for which
 9 contributions were ~~[have]~~ not ~~[been]~~ paid to the executive director
 10 ~~[administrator]~~ for deposit in the fund.

11 SECTION 26. Sections 6.01 and 6.02, Article 6243a-1,
 12 Revised Statutes, are amended to read as follows:

13 Sec. 6.01. GROUP A RETIREMENT PENSION. (a) A Group A
 14 member ~~[or former Group A member]~~ must have 20 years of pension
 15 service to be eligible for a Group A retirement pension under this
 16 section. A member's benefit election ~~[application]~~ under this
 17 section, once approved ~~[made]~~, is irrevocable.

18 (a-1) If a Group A pensioner returns to active service as a
 19 police officer or fire fighter with the city, the person's Group A
 20 retirement pension ceases until the time that the person again
 21 leaves active service with the city.

22 (a-2) If a Group A pensioner resumes employment with the
 23 city in a capacity other than as a police officer or fire fighter,
 24 the pensioner's Group A retirement pension continues during the
 25 period of employment, except the pensioner is not entitled to
 26 accrue additional credit for pension service during this period.
 27 Additional credit for pension service does not accrue during any

1 period in which a Group A pensioner becomes employed by the city
2 unless the additional credit is attributable to active service as a
3 police officer or fire fighter with the city.

4 (b) At age 58 [~~50~~] a Group A member [~~or former Group A~~
5 ~~member~~] is eligible to begin drawing a monthly Group A retirement
6 pension. A monthly Group A retirement pension equals 50 percent of
7 the base pay per month, plus 50 percent of any longevity pay the
8 Group A member was receiving at the time the member left active
9 service. Although the number of years used in the computation of
10 longevity pay remains fixed at the earlier of the time a Group A
11 member [~~or former Group A member~~] leaves active service or begins
12 participation in DROP, the monthly rate of longevity pay used in
13 this computation is subject to change in the event of an amendment
14 to the state law governing longevity pay. The monthly Group A
15 retirement pension benefits of Group A pensioners shall be adjusted
16 from time to time in a like manner.

17 (c) In addition to the amount computed under Subsection (b)
18 of this section, at age 58 [~~50~~], a Group A member is eligible to
19 begin drawing an annual Group A retirement pension. An annual
20 retirement pension equals 50 percent of the difference between the
21 annualized amount of city service incentive pay and longevity pay.
22 In determining city service incentive pay and longevity pay for
23 purposes of this element of the annual Group A retirement pension
24 only the following apply:

25 (1) City service incentive pay is calculated in the
26 same manner as the city service incentive pay is calculated for
27 members currently on active service except:

1 (A) the annual salary of a Group A pensioner used
2 in calculating city service incentive pay is determined on the
3 basis of the last city civil service rank held by the Group A
4 pensioner when the person was on active service; however, if the
5 rank no longer exists, its closest equivalent shall be determined
6 by the board and applied; and

7 (B) the annual salary of a Group A pensioner as
8 determined under Paragraph (A) of this subdivision shall be that
9 amount in effect on the last day of September of each year the Group
10 A pensioner's annual retirement pension is calculated.

11 (2) Longevity pay shall be calculated as 12 times the
12 amount of monthly longevity pay the Group A pensioner was receiving
13 at the time such person left active service, except that the monthly
14 rate of longevity pay used in this computation is subject to change
15 if an amendment to state law governing longevity pay is enacted.

16 (d) The element of annual retirement pension computed under
17 Subsection (c)(1) of this section is subject to the following
18 limitations:

19 (1) it shall be prorated for the year in which the
20 pensioner begins receiving a retirement pension;

21 (2) it shall be payable only to those Group A
22 pensioners who, as ~~[a]~~ Group A members ~~[member]~~ on active service,
23 received city service incentive pay and who receive a monthly Group
24 A retirement pension as determined under Subsection (b) of this
25 section on the last day of September of each year; and

26 (3) it shall be paid to Group A pensioners as long as
27 the city continues to pay city service incentive pay to Group A

1 members on active service.

2 (4) Notwithstanding Subsections (b) and (c) of this
3 section, a Group A member with a minimum of 20 years of pension
4 service may apply for an actuarially reduced retirement pension to
5 begin no earlier than when the member attains age 53 [~~45~~] but before
6 the member attains age 58 [~~50~~]. The Group A member [~~or a former~~
7 ~~Group A member~~] who has made an application may receive a retirement
8 pension calculated under Subsections (b) and (c) of this section
9 reduced by two-thirds of one percent per month for each whole
10 calendar month the benefit is payable before the month in which the
11 Group A member [~~or former Group A member~~] attains age 58 [~~50~~].

12 (e) At age 62 [~~55~~] a Group A member [~~or former Group A~~
13 ~~member~~] is eligible to begin drawing a monthly retirement pension
14 computed as follows:

15 (1)(A) at the rate of three percent of base pay for
16 each year, prorated for fractional years, of pension service, with
17 a maximum of 32 years of pension service, or 96 percent of base pay;
18 or

19 (B) if the Group A member [~~or former Group A~~
20 ~~member~~] had 34 or more years of pension service as of April 30,
21 1990, then the member's retirement pension is calculated at the
22 rate calculated under the terms of the combined pension plan in
23 effect on April 30, 1990, if the resulting amount would be greater
24 than the amount calculated under Paragraph (A) of this subdivision;
25 plus

26 (2) one-half of the longevity pay the Group A member
27 [~~or former Group A member~~] was receiving at the time the person left

1 active service; plus

2 (3) 1/24th, without subsequent adjustment, of the
3 annualized amount of the city service incentive pay the Group A
4 member [~~or former Group A member~~] received at the time the person
5 left active service.

6 (f) [~~Notwithstanding Subsection (e) of this section, Group~~
7 ~~A pensioners payments under Subsection (e)(3) of this section are~~
8 ~~contingent on the city's continuing payment of city service~~
9 ~~incentive pay to Group A members on active service.~~] For purposes
10 of Subsection (e) of this section, base pay and longevity pay are
11 the amounts in effect on the earlier of the date the member begins
12 participation in DROP or the date benefits are to begin, without
13 subsequent adjustment.

14 (g) Notwithstanding Subsection (e) of this section, a Group
15 A member [~~or former Group A member~~] with 20 or more years of pension
16 service may apply for an actuarially reduced Group A retirement
17 pension beginning on or after the date the Group A member [~~or former~~
18 ~~Group A member~~] attains age 58 [~~50~~] but before the person attains
19 age 62 [~~55~~]. The Group A member [~~or former Group A member~~] may
20 receive a retirement pension calculated under Subsection (e) of
21 this section reduced by two-thirds of one percent per month for each
22 whole calendar month the benefit is payable before the month in
23 which the Group A member [~~or former Group A member~~] attains age 62
24 [~~55~~].

25 (h) Entitlement to the Group A retirement pension described
26 by this section is subject to the following conditions:

27 (1) written application must be filed with the

1 executive director [~~administrator~~];

2 (2) the grant of a Group A retirement pension by the
3 board must be made at a meeting of the board held during the month
4 the Group A retirement pension is to become effective, or as soon
5 after that as administratively possible; and

6 (3) the Group A member must no longer be on active
7 service.

8 Sec. 6.02. GROUP B RETIREMENT PENSION. (a) If a [A] Group B
9 member [or former Group B member who] has accrued five or more years
10 of pension service, is no longer on active service with the
11 department, has not withdrawn the member's contributions, and
12 otherwise meets the age and pension service requirements under the
13 applicable provision of this section, the member may apply [may
14 make application] for a Group B retirement pension under this
15 section. A member's benefit election application under a provision
16 of this section, once approved, is irrevocable.

17 (a-1) If a Group B pensioner returns to active service as a
18 police officer or fire fighter with the city, the person's [or
19 reaching 50 years of age, or for an actuarially reduced] Group B
20 retirement pension ceases until that person again leaves active
21 service with the city.

22 (a-2) If a Group B pensioner resumes employment with the
23 city in a capacity other than as a police officer or fire fighter,
24 the pensioner's Group B retirement pension will continue during the
25 period of employment except the pensioner may not accrue additional
26 credit for pension service during this period. Additional credit
27 for pension service does not accrue during any period in which a

1 Group B pensioner becomes employed by the city unless the
2 additional credit is attributable to active service as a police
3 officer or fire fighter with the city [~~on reaching 45 years of age~~].

4 (b) A [~~former~~] Group B member who meets the requirements of
5 Subsection (a) of this section may elect to receive a Group B
6 retirement pension that shall be calculated as follows:

7 (1) for a member who began active service before March
8 1, 2011, and who has attained at least 58 years of age, the member's
9 retirement pension shall be the sum of:

10 (A) the number of years of pension service before
11 September 1, 2017, prorated for fractional years, times three
12 percent of the average computation pay determined over the 36
13 consecutive months of pension service in which the Group B member
14 received the highest computation pay; plus

15 (B) the number of years of pension service on or
16 after September 1, 2017, prorated for fractional years, times 2.5
17 percent of the average computation pay determined over the 60
18 consecutive months of pension service in which the Group B member
19 received the highest computation pay; or

20 (2) for a member who began active service on or after
21 March 1, 2011, and who has attained at least 58 years of age, the
22 member's retirement pension shall be the number of years of pension
23 service, prorated for fractional years, times the applicable
24 percentage prescribed by Subsection (b-1) of this section of the
25 average computation pay determined over the 60 consecutive months
26 of pension service in which the member received the highest
27 computation pay.

1 (b-1) For purposes of Subsection (b)(2) of this section, the
 2 applicable percentage is based on the age of the Group B member when
 3 the member's retirement pension begins as set forth below:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
5 <u>53</u>	<u>2.0%</u>
6 <u>54</u>	<u>2.1%</u>
7 <u>55</u>	<u>2.2%</u>
8 <u>56</u>	<u>2.3%</u>
9 <u>57</u>	<u>2.4%</u>
10 <u>58 and older</u>	<u>2.5%</u>

11 (b-2) Days during which a member earned no pension service
 12 due to a termination of active service or otherwise must be
 13 disregarded in determining either the 36 or 60 consecutive months
 14 of highest computation pay under Subsection (b)(1) or (2) of this
 15 section, as appropriate. The pension benefit calculated under
 16 Subsection (b) of this section may not exceed the greater of:

17 (1) 90 percent of the member's average computation pay
 18 determined under that subsection; or

19 (2) the vested and accrued benefit of a member as
 20 determined on August 31, 2017. [~~or Group B pensioner who withdrew~~
 21 ~~any of the person's Plan B or Group B contributions and who on again~~
 22 ~~becoming a Group B member does not replace such previously~~
 23 ~~withdrawn contributions with interest thereon as provided by~~
 24 ~~Section 4.04 of this article must earn at least five years of~~
 25 ~~pension service after the time the person returns to active service~~
 26 ~~to be eligible for a Group B retirement pension.]~~

27 (c) Except as provided by Subsection (c-2) of this section,

1 ~~[Entitlement to]~~ a Group B member who meets the requirements of
2 Subsection (a) of this section may elect to receive an actuarially
3 reduced Group B retirement pension calculated in accordance with
4 Subsection (c-1) of this section:

5 (1) not earlier than the member's 53rd birthday; and

6 (2) not later than member's 58th birthday.

7 (c-1) Except as provided by Subsection (c-2) of this
8 section, a Group B member who applies for an actuarially reduced
9 Group B retirement pension under Subsection (c) of this section
10 shall receive a pension calculated under Subsection (b) of this
11 section, reduced by two-thirds of one percent per month, for each
12 whole calendar month the pension would be payable before the month
13 in which the member attains 58 years of age.

14 (c-2) If, for purposes of Subsection (c-1) of this section,
15 a Group B member's pension benefit calculated under Subsection (b)
16 is equal to 90 percent of the member's average computation pay, the
17 member is entitled to a Group B retirement pension under Subsection
18 (c) of this section at 53 years of age that is not actuarially
19 reduced as provided under Subsection (c-1) of this section
20 ~~[retirement pension as described by Subsection (a) or (b) of this~~
21 ~~section is subject to the following conditions:~~

22 ~~[(1) written application must be filed with the~~
23 ~~administrator,~~

24 ~~[(2) the grant of the Group B retirement pension by the~~
25 ~~board must be made at a meeting of the board held during the month~~
26 ~~the Group B retirement pension is to become effective, or as soon~~
27 ~~after that as possible, and~~

1 ~~[(3) the Group B member may no longer be on active~~
 2 ~~service].~~

3 (d) Except as provided by Subsection (d-2) of this section,
 4 a [A] Group B member who has accrued 20 or more years of pension
 5 service and has been on active service at any time on or after
 6 January 1, 1999, may elect to apply for a Group B retirement pension
 7 beginning at any time after the Group B member leaves active
 8 service, regardless of age. A Group B member may elect a Group B
 9 retirement pension under this subsection as follows:

10 (1) if the member accrued 20 or more years of pension
 11 service on or before September 1, 2017, the member may elect a
 12 pension under this subsection that is computed in the same manner as
 13 the Group B retirement pension under Subsection (b) of this section
 14 except that:

15 (A) the percentage set forth below must be used
 16 instead of the three percent multiplier specified in Subsection
 17 (b)(1)(A) of this section:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
<u>51 and 52</u>	<u>2.75%</u>
<u>50</u>	<u>2.5%</u>
<u>49</u>	<u>2.25%</u>
<u>48 and younger</u>	<u>2%; and</u>

23 (B) the percentage set forth below must be used
 24 instead of the 2.5 percent multiplier prescribed by Subsection
 25 (b)(1)(B) of this section:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
<u>57</u>	<u>2.4%</u>

1	<u>56</u>	<u>2.3%</u>
2	<u>55</u>	<u>2.2%</u>
3	<u>54</u>	<u>2.1%</u>
4	<u>53 and younger</u>	<u>2.0%; or</u>

5 (2) except as provided by Subsection (d-2) of this
6 section, if the member accrued 20 or more years of pension service
7 after September 1, 2017, the member may elect a pension under this
8 subsection computed in the same manner as the Group B retirement
9 pension under Subsection (b)(2) of this section except that the
10 percentage set forth below must be used instead of the multiplier
11 prescribed under Subsection (b-1) of this section:

12	<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
13	<u>53</u>	<u>1.9%</u>
14	<u>54</u>	<u>2.0%</u>
15	<u>55</u>	<u>2.1%</u>
16	<u>56</u>	<u>2.2%</u>
17	<u>57</u>	<u>2.3%</u>
18	<u>58 and older</u>	<u>2.4%</u>

19 (d-1) A member who elects a pension under Subsection (d) of
20 this section is not entitled to:

21 (1) minimum benefits under either Section 6.10A or
22 6.11 of this article; or

23 (2) benefits under Subsection (g) of this section.

24 (d-2) If, for purposes of Subsection (d) of this section, a
25 Group B member's pension benefit calculated under Subsection (b) of
26 this section is equal to 90 percent of the member's average
27 computation pay, the member is entitled to a Group B retirement

1 pension under Subsection (d) of this section that is not reduced as
2 provided under Subsection (d)(1) or (2) of this section [~~retirement~~
3 ~~pension shall be computed at the rate of three percent of the~~
4 ~~average computation pay determined over the 60 consecutive months~~
5 ~~in which the Group B member received the highest computation pay,~~
6 ~~multiplied by the number of years, prorated for fractional years,~~
7 ~~of pension service to a maximum of 32 years of pension service or 96~~
8 ~~percent of the computation pay as determined under this~~
9 ~~subsection)].~~

10 (e) A [~~However, a~~] Group B member or former Group B member
11 with 34 or more years of pension service as of April 30, 1990, shall
12 receive the greater of a Group B retirement pension calculated
13 under the terms of Plan B as in effect on that date or a Group B
14 retirement pension calculated pursuant to Subsection (b) [~~(d)~~] of
15 this section.

16 [~~(f) A Group B member, or any former Group B member who was a~~
17 ~~Group B member as of any date after April 30, 1990, may apply for an~~
18 ~~actuarially reduced Group B retirement pension beginning no earlier~~
19 ~~than the person's 45th birthday but before the person's 50th~~
20 ~~birthday. A Group B member or former Group B member who applies for~~
21 ~~an actuarially reduced Group B retirement pension beginning on or~~
22 ~~after the person's 45th birthday shall receive a pension calculated~~
23 ~~under Subsection (d) of this section, reduced by two-thirds of one~~
24 ~~percent per month for each whole calendar month the pension would be~~
25 ~~payable before the month in which the Group B member or former Group~~
26 ~~B member attains age 50.]~~

27 (g) In no event may any Group B member [~~or former Group B~~

1 ~~member~~] who was at any time a Group A member or a contributing
2 member of the old plan or Plan A, and who satisfied the applicable
3 age and length-of-service requirements of the applicable plan at
4 the time the person left active service, receive a retirement
5 pension in an amount less than the amount the person would be
6 entitled to receive as a Group A member.

7 (h) Notwithstanding any other provision of this section, a
8 ~~[A former]~~ Group B member who was not a Group B member on or after
9 January 1, 1993 ~~[May 1, 1990]~~, shall receive a retirement pension
10 calculated under the applicable provisions of Plan B ~~[this plan]~~ as
11 that plan existed ~~[in effect]~~ on the date the member terminated
12 ~~[person left]~~ active service.

13 (i) Entitlement to a Group B retirement pension under
14 Subsection (b), (c), (d), or (e) of this section is subject to the
15 following conditions:

16 (1) a written application must be filed with the
17 executive director; and

18 (2) the grant of the Group B retirement pension by the
19 board must be made at a meeting of the board held during the month
20 the retirement pension is to become effective, or as soon after as
21 administratively possible ~~[A former Group B member who was not a~~
22 ~~Group B member after April 30, 1990, may request an actuarially~~
23 ~~reduced retirement pension beginning no earlier than the person's~~
24 ~~45th birthday but before the person's 50th birthday].~~ ~~[A former~~
25 ~~Group B member described by this subsection shall receive a~~
26 ~~retirement pension under the applicable provisions of Plan B as in~~
27 ~~effect on the date the person left active service, reduced by~~

1 ~~two-thirds of one percent per month for each whole calendar month~~
2 ~~the pension would be payable before the month in which the former~~
3 ~~Group B member attains age 50.]~~

4 SECTION 27. Section 6.03, Article 6243a-1, Revised
5 Statutes, is amended by amending Subsections (a), (d), (f), and (g)
6 and adding Subsections (k) and (l) to read as follows:

7 (a) If a member who is on active service, other than a member
8 participating in DROP, becomes disabled to the extent that the
9 member cannot perform the member's duties with the member's
10 department, the member may apply for a disability pension, subject
11 to [~~in accordance with~~] any uniform and nondiscriminatory
12 disability application procedure and recall and review procedure
13 adopted by the board and in effect from time to time.

14 (d) No disability pension may be paid to a member for any
15 disability if the disability was a result of an intentionally
16 self-inflicted injury or a chronic illness resulting from an
17 addiction by the member through a protracted course of [~~noncoerced~~]
18 indulgence in alcohol, narcotics, or other substance abuse that was
19 not coerced.

20 (f) No disability pension may be paid if the chief of the
21 member's department is able to provide the member with duties that
22 are within the member's physical or mental capabilities, [~~as long~~
23 ~~as the board agrees that the duties are within the member's~~
24 ~~capabilities,~~] even though the duties are different from the duties
25 the member performed before the disability.

26 (g) Written application for a disability pension must be
27 filed with the executive director not later than the 180th day after

1 the date the member leaves active service [~~administrator~~]. The
2 application must be accompanied by a recommendation from the health
3 director. This recommendation shall contain a statement indicating
4 whether the member became disabled while the member was on duty or
5 off duty and whether the disability was service-connected or was
6 not service-connected [~~nonservice-connected~~].

7 (k) For purposes of Sections 6.04 and 6.05 of this article
8 and this section:

9 (1) longevity pay and incentive pay are the amounts in
10 effect on the date the benefits are to begin, without subsequent
11 adjustment; and

12 (2) except as provided by Section 6.05(b-1) of this
13 article, base pay is the amount in effect on the date benefits are
14 to begin, without subsequent adjustment.

15 (1) Notwithstanding any other law, Subchapter B, Chapter
16 607, Government Code, applies to all members without regard to the
17 employing department or job assignment.

18 SECTION 28. Part 6, Article 6243a-1, Revised Statutes, is
19 amended by adding Section 6.035 to read as follows:

20 Sec. 6.035. DISABILITY BENEFITS FOR CERTAIN PERSONS IN
21 UNIFORMED SERVICES. (a) In this section, "uniformed services" has
22 the meaning assigned by the federal Uniformed Services Employment
23 and Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et
24 seq.).

25 (b) This section applies to a person who was released from
26 the uniformed services after December 17, 2001, under conditions
27 that would have made the person eligible for benefits under Section

1 414(u) of the code if the person could have returned to active
2 service.

3 (c) If a person subject to this section was unable to return
4 to active service by reason of disability incurred while on a leave
5 of absence due to service in the uniformed services, that person is
6 entitled to a regular disability pension in accordance with Section
7 6.03 of this article, calculated in accordance with Section 6.04 of
8 this article.

9 (d) Notwithstanding Section 6.03(g) of this article, a
10 written application for a disability pension must be filed not
11 later than the 180th day after the date of the person's release from
12 the uniformed services.

13 (e) A person subject to this section is entitled to receive
14 pension service for the period of service with the uniformed
15 service only to the extent that contributions are made for that
16 period in accordance with this article.

17 SECTION 29. Section 6.04, Article 6243a-1, Revised
18 Statutes, is amended to read as follows:

19 Sec. 6.04. CALCULATION OF REGULAR [~~GROUP A~~] DISABILITY
20 BENEFITS [~~PENSION~~]. (a) Subject to Subsection (g) of this section,
21 if [~~If~~] a Group A member's application for a Group A disability
22 pension has been approved by the board pursuant to Section 6.03 of
23 this article, including any procedures adopted under that section,
24 the Group A member may elect to receive a Group A disability pension
25 calculated:

26 (1) in the same manner as the benefit under Sections
27 6.01(b) and (c) of this article; or

1 (2) under Subsection (c) [~~(b)~~] of this section.

2 (b) An election under Subsection (a) of this section, once
3 approved by the board [~~made~~], is irrevocable.

4 ~~[(b) When a Group A member elects to accept a Group A~~
5 ~~disability pension under this section, it shall be calculated as~~
6 ~~provided by Subsections (c), (d), and (e) of this section.]~~

7 (c) Subject to Subsection (g) of this section, [~~If~~] a Group
8 A [~~member's disability results during the performance of duties~~
9 ~~with either department, the~~] member who elects to have benefits
10 determined under this subsection is entitled to a monthly
11 disability pension calculated as follows:

12 (1) at a rate of three percent of base pay for each
13 year, prorated for fractional years, of pension service, with a
14 [~~minimum of 20 years of pension service being deemed credited and a~~
15 maximum of 32 years of pension service being credited, or 96 percent
16 of base pay ~~or~~], except that if the Group A member had 34 or more
17 years of pension service as of April 30, 1990 [~~May 1, 1990~~], the
18 member shall receive the greater of a disability pension calculated
19 under the terms of the combined pension plan in effect on that date
20 or as calculated under this subdivision; plus

21 (2) one-half of the longevity pay the Group A member
22 was receiving at the time the member left active service; plus

23 (3) subject to Subsection (d) of this section,
24 1/24th [~~, without subsequent adjustment,~~] of the annualized amount
25 of city service incentive pay the Group A member received at the
26 time the member left active service.

27 (c-1) The disability pension calculated under Subsection

1 (c) of this section may not exceed the greater of:

2 (1) 90 percent of the member's average base pay
3 determined under the subsection; or

4 (2) the vested and accrued disability pension of the
5 member as determined on August 31, 2017.

6 (d) Payments of the amounts described by [~~Notwithstanding~~
7 ~~Subsection (c) of this section, the amount of a disability~~
8 ~~retirement benefit of a Group A pensioner who is on disability~~
9 ~~retirement under~~] Subsection (c)(3) of this section are [~~is~~]
10 contingent on the city's continuing payment of city service
11 incentive pay to Group A members on active service. [~~For purposes~~
12 ~~of this subsection, base pay and longevity pay are the amounts in~~
13 ~~effect on the date the benefits are to begin, without subsequent~~
14 ~~adjustment.~~]

15 (e) If a Group B [~~A~~] member's application for a Group B
16 disability pension has been approved by the board under Section
17 6.03 of this article, including any procedures adopted under that
18 section, the Group B member may elect to receive a Group B
19 disability pension calculated in the manner described by Subsection
20 (f) or (f-1) of this section, subject to Subsection (g) of this
21 section [~~disability does not result during the performance of the~~
22 ~~member's duties with either department, the member is entitled to a~~
23 ~~monthly disability pension calculated:~~

24 [~~(1) at a rate of three percent of base pay for each~~
25 ~~year, prorated for fractional years, of pension service, with a~~
26 ~~maximum of 32 years of pension service, or 96 percent of base pay,~~
27 ~~except that if the Group A member had 34 or more years of pension~~

1 ~~service as of April 30, 1990, the member shall receive the greater~~
2 ~~of a disability pension calculated under the combined pension plan~~
3 ~~in effect on that date or as calculated under this subdivision, plus~~
4 ~~[(2) one-half of the longevity pay the Group A member~~
5 ~~was receiving at the time the member left active service, plus~~
6 ~~[(3) 1/24th of the annualized amount of city service~~
7 ~~incentive pay the Group A member received at the time the member~~
8 ~~left active service, without regard to any subsequent adjustment].~~

9 (f) Subject to Subsections (f-1), (f-3), and (g) of this
10 section, the disability pension of a Group B member shall be
11 calculated as follows:

12 (1) for a member who began active service before March
13 1, 2011, the member's disability pension shall be the sum of:

14 (A) the member's number of years of pension
15 service earned before September 1, 2017, prorated for fractional
16 years, times three percent of the average computation pay
17 determined over the 36 consecutive months of pension service in
18 which the Group B member received the highest computation pay; plus

19 (B) the number of years of pension service,
20 including pension service credit imputed under Section 6.05(b-1) of
21 this article, earned on or after September 1, 2017, prorated for
22 fractional years, times 2.5 percent of the average computation pay
23 determined over the 60 consecutive months of pension service in
24 which the Group B member received the highest computation; or

25 (2) for a member who began active service on or after
26 March 1, 2011, the member's disability pension shall be the number
27 of years of pension service, including pension service credit

1 imputed under Section 6.05(b-1) of this article, prorated for
2 fractional years, times the applicable percentage prescribed by
3 Section 6.02(b-1) of this article of the average computation pay
4 determined over the 60 consecutive months of pension service in
5 which the member received the highest computation pay.

6 (f-1) Notwithstanding Subsection (f) of this section, for a
7 Group B member who had 34 or more years of pension service as of
8 April 30, 1990, the member is entitled to receive the greater of a
9 disability pension calculated under the terms of Plan B in effect on
10 April 30, 1990, or calculated under Subsection (f) of this section.

11 (f-2) For purposes of Subsections (f) and (f-1) of this
12 section:

13 (1) any partial year of pension service for a Group B
14 member's first 20 years of pension service must be counted as a full
15 year of pension service, if the member was considered by the
16 member's department to have worked a normal full-time schedule at
17 the time of the disability;

18 (2) if the member has less than 36 or 60 consecutive
19 months of pension service, as applicable, the member's average
20 computation pay will be computed based on the member's entire
21 pension service; and

22 (3) days during which the member earned no pension
23 service due to a termination of active service or otherwise must be
24 disregarded in determining the 36 or 60 consecutive months of
25 highest computation pay.

26 (f-3) The disability pension calculated under Subsection
27 (f) or (f-1) of this section may not exceed the greater of:

1 (1) 90 percent of the member's average computation pay
2 determined under the applicable subsection; or

3 (2) the vested and accrued disability pension of the
4 member as determined on August 31, 2017 [~~Payments of the amounts~~
5 ~~described by Subsection (e)(3) of this section are contingent on~~
6 ~~the city's continuing payment of city service incentive pay to~~
7 ~~Group A members on active service].~~

8 (g) The disability pension calculated in accordance with
9 this section, including both a Group A benefit described by
10 Subsection (a) of this section and a Group B benefit described by
11 Subsection (f) of this section, shall be reduced dollar-for-dollar
12 by any monthly disability compensation benefit received under
13 Section 6.05 of this article. If the monthly disability
14 compensation benefit provided to a member under Section 6.05 of
15 this article equals or exceeds any benefit the member is entitled to
16 under this article, the member may not receive the benefit under
17 this section [~~For purposes of Subsection (e)(3) of this section,~~
18 ~~base pay and longevity pay are the amounts in effect on the date the~~
19 ~~benefits are to begin, without subsequent adjustment].~~

20 SECTION 30. The heading to Section 6.05, Article 6243a-1,
21 Revised Statutes, is amended to read as follows:

22 Sec. 6.05. COMPENSATION BENEFITS FOR SERVICE-CONNECTED
23 [~~CALCULATION OF GROUP B~~] DISABILITY [~~BENEFITS~~].

24 SECTION 31. Section 6.05, Article 6243a-1, Revised
25 Statutes, is amended by amending Subsections (a), (b), and (c) and
26 adding Subsection (b-1) to read as follows:

27 (a) If a member leaves active service at any time due to

1 disability and the board determines that the disability was caused
2 by an injury or sickness incurred in the performance of the member's
3 duties with the member's department, the member is entitled to
4 periodic disability compensation benefits in accordance with this
5 section [~~Group B member's application for a Group B disability~~
6 ~~pension has been approved by the board pursuant to Section 6.03 of~~
7 ~~this article, including any procedures adopted under that section,~~
8 ~~the Group B member may, depending on the circumstances, elect to~~
9 ~~receive a Group B disability pension calculated in the manner~~
10 ~~described by Subsection (b) or (c) of this section].~~

11 (b) Subject to Subsection (b-1), [~~If~~] a Group A [~~B~~] member
12 whose disability, as determined by the board, was caused by an
13 injury or sickness incurred in the performance of the member's duty
14 shall receive a monthly benefit equal to 60 percent of the member's
15 base pay. For purposes of this subsection, "base pay" is the amount
16 in effect on the date compensation benefits under this section are
17 to begin, without subsequent adjustment.

18 (b-1) Instead of receiving a periodic disability
19 compensation benefit under Subsection (b) of this section, a Group
20 A member who is entitled to periodic disability compensation under
21 this section may elect, before the benefits begin, to receive those
22 benefits as a monthly benefit equal to 50 percent of the member's
23 base pay adjusted from time to time to reflect changes in base pay
24 that occur after the member began receiving a monthly compensation
25 benefit under this section [~~becomes disabled during the performance~~
26 ~~of the member's duties with either department, the member is~~
27 ~~entitled to a monthly disability pension calculated at a rate of~~

1 ~~three percent of the average computation pay determined over the 60~~
2 ~~consecutive months in which the Group B member received the~~
3 ~~member's highest computation pay multiplied by the number of years,~~
4 ~~prorated for fractional years, of the member's pension service with~~
5 ~~a minimum of 20 years of pension service being deemed credited, or~~
6 ~~60 percent of average computation pay determined over the 60~~
7 ~~consecutive months in which the Group B member received the~~
8 ~~member's highest computation pay, except that if the Group B member~~
9 ~~has less than five years of pension service, the Group B member's~~
10 ~~average computation pay will be computed based on the member's~~
11 ~~entire pension service. If a Group B member had 34 or more years of~~
12 ~~pension service as of April 30, 1990, the Group B member is entitled~~
13 ~~to receive the greater of a Group B disability pension calculated~~
14 ~~under the terms of Plan B in effect on that date or calculated~~
15 ~~pursuant to this subsection].~~

16 (c) A [The Group B disability pension for any] Group B
17 member whose disability, as determined by the board, was caused by
18 an injury or sickness incurred in the performance of the member's
19 duty shall receive a monthly benefit equal to the disability
20 pension under Sections 6.04(f), (f-1), (f-2), and (f-3) of this
21 article except that if the member:

22 (1) does not have 20 years of pension service, the
23 member is considered to have 20 years of pension service for the
24 purposes of calculating the disability pension under that section;
25 and

26 (2) has less than 36 or 60 months, as applicable, of
27 employment with the department, average computation pay will be

1 computed based on all the member's computation pay, and days during
2 which the member earned no pension service due to a termination of
3 active service or otherwise, shall be disregarded in determining
4 either the 36 or 60 consecutive months of highest computation pay
5 ~~[does not result during the performance of the member's duties with~~
6 ~~either department shall be computed at a rate of three percent of~~
7 ~~the average computation pay determined over the 60 consecutive~~
8 ~~months in which the Group B member received the member's highest~~
9 ~~computation pay multiplied by the number of years, prorated for~~
10 ~~fractional years, of the member's pension service, except that any~~
11 ~~partial year of pension service for the first 20 years of pension~~
12 ~~service shall be counted as a full year of pension service. If the~~
13 ~~Group B member has less than five years of pension service, the~~
14 ~~Group B member's average computation pay will be computed based on~~
15 ~~the member's entire pension service, and if a Group B member had 34~~
16 ~~or more years of pension service as of April 30, 1990, the Group B~~
17 ~~member is entitled to receive the greater of a disability pension~~
18 ~~calculated under the terms of Plan B in effect on that date or~~
19 ~~calculated pursuant to this subsection].~~

20 SECTION 32. Section 6.05(d), Article 6243a-1, Revised
21 Statutes, is transferred to Part 6, Article 6243a-1, Revised
22 Statutes, redesignated as Section 6.055, Article 6243a-1, Revised
23 Statutes, and amended to read as follows:

24 Sec. 6.055. REDUCTION IN DISABILITY OR COMPENSATION
25 BENEFITS FOR CERTAIN PERSONS. (a) In this section, "earned income"
26 means income earned by a Group B pensioner in the form of wages,
27 salaries, commissions, fees, tips, unemployment benefits, and

1 other amounts received by virtue of employment or self-employment
2 but paid before any deduction for taxes or insurance. In addition,
3 earned income also includes those amounts contributed on a
4 before-tax basis to any retirement plan or employee health and
5 welfare benefit plan.

6 (b) [~~(d)~~] The board shall require any Group B pensioner who
7 became a member of Plan B or the combined pension plan on or after
8 May 1, 1990, and who is receiving a Group B disability pension under
9 Section 6.04 of this article or a periodic disability compensation
10 under Section 6.05 of this article [~~in accordance with Subsection~~
11 ~~(b) or (c) of this section~~] to provide the board annually, on or
12 before July 1 [~~May 1~~] of each year, with a true and complete copy of
13 those portions of the person's federal and, if applicable, state
14 tax return, including appropriate schedules, for the previous
15 calendar year that indicate the person's occupations, if any, and
16 earned income for the previous calendar year. If the pensioner did
17 not file a tax return for the previous calendar year, the board may
18 require other documentation reflecting the pensioner's occupation
19 or earned income that the board determines appropriate.

20 (c) The pension system [~~However, the board~~] may waive the
21 July 1 [~~May 1~~] date under Subsection (b) of this section in lieu of
22 one later in the same calendar year if the Group B pensioner
23 provides the board with a true and complete copy of a grant of an
24 extension of time for the filing of the person's tax return from the
25 appropriate governmental agency or a true and complete copy of an
26 extension request that results in any automatic extension.

27 (d) If, after evaluating the information received under

1 Subsection (a) of this section, the pension system finds the Group B
 2 pensioner is or has been receiving earned income from one or more
 3 employments, including self-employment, during the preceding year,
 4 the board shall reduce future disability pension payments to the
 5 Group B pensioner in accordance with the following formula: \$1 for
 6 each \$1 that the sum of "a" + "b" is greater than "c," where "a" is
 7 the earned income of the Group B pensioner attributable to the
 8 previous calendar year from the person's employments, "b" is the
 9 total amount of Group B disability pension received by the Group B
 10 pensioner the previous calendar year, and "c" is the annualized
 11 amount of the average computation pay the Group B pensioner
 12 received as of the date the person left active service.

13 (e) For purposes of the [this] computation under Subsection
 14 (d) of this section, the average computation pay shall be deemed
 15 increased at the adjustment [a] rate prescribed by Section 6.12 of
 16 this article [of four percent simple interest], if any, without
 17 compounding during the year, as of each January 1 that the Group B
 18 pensioner receives a Group B disability pension and periodic
 19 disability benefit.

20 SECTION 33. Section 6.06, Article 6243a-1, Revised
 21 Statutes, is amended by amending Subsections (b), (e), (f), (g),
 22 (h), (j), (k), (l), (m), (n), (o), (p), (q), (r), and (t) and adding
 23 Subsections (e-1), (e-2), (j-1), (o-1), (o-2), (u), and (v) to read
 24 as follows:

25 (b) A written application for benefits must be filed with
 26 the executive director [administrator].

27 (e) If [the qualified] surviving children of a primary party

1 are not qualified survivors entitled to death benefits, the
2 [~~qualified surviving~~] spouse of the primary party who is a
3 qualified survivor is entitled only to receive a share of the death
4 benefits in the amount calculated under Section 6.07(a) [~~or (b)~~] or
5 Section 6.08(b)(1), (c)(1), (d)(1), or (e)(1) of this article,
6 whichever is applicable, and is not entitled to what otherwise
7 would be the [~~qualified~~] surviving children's share.

8 (e-1) If a primary party had [~~there is~~] no [~~qualifying~~]
9 surviving spouse, any [~~qualified~~] surviving child who is a
10 qualified survivor [~~children~~] shall receive only the amount
11 calculated under Section 6.07(a) [~~or (b)~~] or Section 6.08(b)(2),
12 (c)(2), (d)(2), or (e)(2) of this article, whichever is applicable,
13 and is [~~are~~] not entitled to what otherwise would be the [~~qualified~~
14 ~~surviving~~] spouse's share.

15 (e-2) If a primary party does not have a [~~there is no~~
16 ~~qualified surviving~~] spouse or [~~qualified surviving~~] children who
17 are qualified survivors, any [~~qualified~~] dependent parent of the
18 primary party who is a qualified survivor shall receive only the
19 amount calculated under Section 6.07(c) or Section 6.08(b)(3),
20 (d)(3), or (e)(3) of this article, whichever is applicable, and is
21 not entitled to what otherwise would be the [~~qualified surviving~~]
22 spouse's or [~~qualified surviving~~] children's share.

23 (f) The total monthly death benefits [~~benefit~~] received by
24 the qualified survivors of a primary party under this article,
25 including the primary party's [~~surviving~~] spouse, [~~qualified~~
26 ~~surviving~~] children, or [~~qualified~~] dependent parents, [~~parent~~]
27 may not exceed the pension to which the deceased primary party was

1 entitled per month.

2 (g) If there is no surviving spouse or legal guardian for
3 the ~~[qualified]~~ surviving children of a primary party and if the
4 board determines that the ~~[qualified]~~ surviving children lack the
5 discretion to handle money, or in other appropriate circumstances,
6 notwithstanding any other provision of this section, the board may
7 request a court of competent jurisdiction to appoint a suitable
8 person to receive and administer the ~~[qualified]~~ surviving
9 children's money or in those circumstances described in Subsection
10 (n) of this section, appoint a new trustee to administer the
11 ~~[qualified]~~ surviving children's ~~[support]~~ trust.

12 (h) With the exception of a ~~[support]~~ trust described in
13 Subsection (n) of this section, no death benefits awarded to
14 ~~[qualified]~~ surviving children may be used for any purpose other
15 than to benefit the ~~[qualified]~~ surviving children. ~~[The board may~~
16 ~~withhold payment of benefits if it has reason to believe the~~
17 ~~benefits are not being properly applied.]~~

18 (j) With the exception of those circumstances described in
19 Subsection (n) of this section, death benefits payable ~~[paid]~~ to
20 ~~[qualified]~~ surviving children ~~[living with a person other than the~~
21 ~~surviving spouse]~~ shall be delivered to the legal guardian of the
22 estate of the surviving children if one has been appointed and the
23 system has been provided proof of the appointment. If no legal
24 guardian has been appointed, death benefits shall be delivered to
25 one of the following persons, provided there is evidence that the
26 person is ~~[person with whom the qualified surviving children are~~
27 ~~living, if the board has designated the person as being]~~ a suitable

1 person to receive and administer the benefits:

2 (1) the surviving spouse with whom the child resides;

3 or

4 (2) the adult head of the household with whom the child
5 resides, if the child does not reside with the surviving spouse.

6 (j-1) In accordance with Subsection (h) of this section, the
7 recipient of a surviving child's death benefits under Subsection
8 (j) of this section must use the death benefits to benefit the
9 child. The board may~~[, however,]~~ withhold payment of benefits to
10 anyone, if presented with evidence that the death benefits are not
11 being used to benefit the surviving child ~~[but the legal guardian of~~
12 ~~the qualified surviving children and may require proof that a~~
13 ~~person has been appointed legal guardian of the qualified surviving~~
14 ~~children before authorizing any benefits to be delivered to that~~
15 ~~person].~~

16 (k) Dependent ~~[The qualified surviving dependent]~~ parents
17 of a primary party ~~[member]~~ who are entitled to receive death ~~[any~~
18 ~~survivor]~~ benefits provided by this article may only receive the
19 benefits for the remainder of the dependent parents' ~~[their]~~ lives.

20 (l) The pension system ~~[board]~~ may require all qualified
21 survivors ~~[persons]~~ receiving death benefits~~[, including qualified~~
22 ~~surviving spouses, qualified surviving children or their~~
23 ~~guardians, and qualified surviving dependent parents,]~~ to file
24 ~~[with the administrator, at least once every two years,]~~ a sworn
25 statement with the executive director concerning the qualified
26 survivor's ~~[their]~~ eligibility to continue to receive death
27 benefits at least once every two years, or at any other time the

1 executive director considers a sworn statement to be appropriate to
 2 evidence the continued eligibility of a qualified survivor. [~~The~~
 3 ~~board may also require a sworn statement from any person receiving~~
 4 ~~death benefits at any time.~~] The board may withhold death benefits
 5 from any person who fails or refuses to file a statement when
 6 requested to do so.

7 (m) When the last qualified survivor of any primary party
 8 becomes ineligible to continue to receive death benefits, [~~that~~
 9 ~~survivor shall be paid in a lump sum~~] an amount equal to the excess
 10 [~~difference~~], if any, of [~~between~~] the total amount of all
 11 contributions made to the fund by the primary party, while a member,
 12 over [~~and~~] the sum of all benefits paid to the primary party and all
 13 of the primary party's [~~his~~] qualified survivors shall be paid in a
 14 lump sum to the last person to receive benefits as a qualified
 15 survivor or, if none, to the member's designee. [~~The total amount~~
 16 ~~to be paid in benefits to the primary party and all qualified~~
 17 ~~survivors shall never be less than the total amount of~~
 18 ~~contributions the primary party made to the fund while a member.~~]

19 (n) Notwithstanding any other provision of this section:

20 (1) [~~7~~] death benefits awarded to an unmarried child
 21 who is a qualified survivor [~~surviving child of a primary party~~] who
 22 is determined by the board to be disabled [~~handicapped~~] under the
 23 terms of Subsection (o-2) [~~(o)~~] of this section may be paid to the
 24 trustee of a management trust, supplemental needs or special needs
 25 trust, or comparable trust [~~support trust~~] established for the
 26 benefit of the child, if the trust meets the requirements set forth
 27 in a procedure adopted from time to time by the board [~~qualified~~

1 ~~surviving child if:~~

2 ~~[(1) an opinion of counsel of the trustee of the~~
3 ~~support trust is furnished to the board indicating that payments~~
4 ~~made to the support trust will not, under existing law, be~~
5 ~~considered a resource of the qualified surviving child under Title~~
6 ~~42, Section 1396(a)(17), of the United States Code or any successor~~
7 ~~statute, as well as applicable state law or regulations governing~~
8 ~~the situation]; and~~

9 (2) as soon as practicable after the pension system
10 has knowledge of an event listed in this subdivision, the system
11 shall terminate payment of death benefits to a ~~[coincident with the~~
12 ~~furnishing of the opinion of counsel, the board is provided with an~~
13 ~~executed original of the support trust document for the records of~~
14 ~~the pension system;~~

15 ~~[(3) the terms of the trust provide that the board will~~
16 ~~receive an annual accounting of the support trust from its trustee,~~
17 ~~although the board has no legal responsibility to oversee the~~
18 ~~support trust; and~~

19 ~~[(4) the support]~~ trust described by Subdivision (1) of
20 this subsection effective ~~[will terminate as soon as practicable]~~
21 on the earlier occurrence of the following events:

22 (A) the date as of ~~[on]~~ which the ~~[qualified~~
23 ~~surviving]~~ child is determined by the board to no longer be disabled
24 ~~[handicapped]~~ under the terms of this section;

25 (B) the date on which the ~~[qualified surviving]~~
26 child is lawfully married;

27 (C) the date on which the ~~[qualified surviving]~~

1 child is deceased;

2 (D) the date on which the pension system becomes
3 aware that the assets of the [~~support~~] trust are deemed to be the
4 resources of the child under applicable federal or state laws or
5 regulations; or

6 (E) if [~~unless otherwise excused by the board,~~]
7 the trustee of the child's [~~support~~] trust fails to provide a court
8 of competent jurisdiction [~~the board~~] with an annual accounting of
9 the child's trust, the date occurring [~~within~~] six months after the
10 date of the close of the [~~support~~] trust's fiscal year.

11 (o) When a child who, as a qualified survivor, [~~surviving~~
12 ~~child who~~] is entitled to receive death benefits under this article
13 reaches the age of 19, the [~~qualified surviving~~] child may no longer
14 participate in the division of the benefits, but the same
15 undiminished [~~qualified surviving~~] child's share as determined by
16 this section shall be paid to any remaining [~~qualified surviving~~]
17 children who are qualified survivors who remain eligible to
18 continue to receive death benefits.

19 (o-1) If benefits are no longer payable to the trust
20 described in Subsection (n)(1) of this section in accordance with
21 Subsection (n)(2) of this section, the benefits are divisible and
22 payable to any remaining children who are qualified survivors who
23 remain eligible to receive death benefits.

24 (o-2) If an unmarried child [~~under 19 years of age.~~
25 ~~However, a handicapped qualified surviving child may not be removed~~
26 ~~from participation in the division of benefits on reaching the age~~
27 ~~of 19 nor may the child be barred from original participation at any~~

1 ~~time after reaching the age of 19, and the payments shall continue~~
2 ~~for the duration of the handicap. If a qualified surviving child is~~
3 ~~not married and], after cessation of entitlement to death benefits~~
4 ~~[(-)because of attainment of age 19(-) but before age 23], becomes~~
5 disabled before age 23 [~~handicapped~~], the child is entitled to
6 participate in the division of death benefits under this article.
7 Notwithstanding the preceding, all death benefits granted under
8 this subsection are conditioned on the board finding that:

9 (1) the [~~qualified surviving~~] child is so physically
10 or mentally disabled [~~handicapped~~], either congenitally or through
11 injury suffered or disease contracted, as to be unable to be
12 self-supporting or to secure and hold gainful employment or pursue
13 an occupation;

14 (2) the [~~qualified surviving~~] child is not married;

15 (3) the disability [~~handicap~~] was not the result of an
16 occupational injury for which the [~~qualified surviving~~] child
17 received compensation equal to or greater than that provided under
18 this article;

19 (4) the disability [~~handicap~~] was not the result of an
20 intentional self-inflicted injury or a chronic illness itself
21 resulting from an addiction of the [~~qualified surviving~~] child
22 through a protracted course of [~~noncoerced~~] indulgence in alcohol,
23 narcotics, or other substance abuse that was not coerced; and

24 (5) the disability [~~handicap~~] did not occur as a
25 result of the [~~qualified surviving~~] child's participation in the
26 commission of a felony.

27 (p) If a [~~handicapped qualified surviving~~] child with a

1 disability received or is receiving workers' compensation
 2 resulting from an occupational injury equal to an amount less than
 3 the death benefit to be provided under this section, the difference
 4 shall be paid out of the assets of the fund in the form otherwise
 5 payable as monthly benefits. For purposes of Subsections
 6 [~~Subsection~~] (o), (o-1), and (o-2) of this section, if a lump sum is
 7 awarded for an injury, the fund's actuary may compute a
 8 corresponding monthly equivalent. A finding relating to a
 9 [~~qualified surviving~~] child's disability [~~handicap~~] is subject to
 10 periodic review and modification by the board.

11 (q) On the death or marriage of a [~~qualified surviving~~]
 12 child granted death benefits under this article, the death benefits
 13 shall cease being paid to that child; however, the same
 14 undiminished [~~qualified surviving~~] child's share as determined by
 15 this section shall be uniformly distributed among any remaining
 16 unmarried [~~qualified surviving~~] children who are:

- 17 (1) under 19 years of age;
 18 (2) disabled [~~and any unmarried qualified surviving~~
 19 ~~children who are handicapped~~] as described by Subsection (o-2)
 20 [~~(o)~~] of this section; or
 21 (3) otherwise entitled to death benefits as qualified
 22 survivors.

23 (r) A spouse of a primary party who married the primary
 24 party [~~resulting from any marriage to a former member or pensioner~~]
 25 after the date the primary party terminated [~~member or pensioner~~
 26 ~~leaves~~] active service is not a qualified survivor [~~surviving~~
 27 ~~spouse~~] and is [~~not~~] entitled only to those death benefits, if

1 applicable, provided under Section 6.063 of this article.

2 (t) A [~~qualified~~] surviving spouse who first remarried a
3 primary party on or after April 21, 1988, is eligible to receive
4 death benefits for the remainder of the [~~qualified surviving~~]
5 spouse's life provided the surviving spouse is a qualified
6 survivor. This subsection may not be applied retroactively.

7 (u) The eligibility of a surviving spouse who first
8 remarried before April 21, 1988, is governed by Section 6.061 of
9 this article.

10 (v) The qualified survivors of a member who dies while
11 performing qualified military service are entitled to any
12 additional benefits, other than benefits relating to the qualified
13 military service, that qualified survivors would have received if
14 the member had returned from qualified military service the day
15 before death, resumed employment, and then died.

16 SECTION 34. Part 6, Article 6243a-1, Revised Statutes, is
17 amended by adding Sections 6.061, 6.062, 6.063, and 6.064 to read as
18 follows:

19 Sec. 6.061. PROSPECTIVE REINSTATEMENT OF CERTAIN DEATH
20 BENEFITS; ELECTION. (a) Subject to Subsections (b) and (d) of this
21 section, the surviving spouse of a primary party who was a member of
22 the old plan, Plan A, or Plan B whose death benefits, also referred
23 to as "survivor benefits" or "widow benefits," terminated because
24 of a remarriage of the surviving spouse that occurred before April
25 21, 1988, is entitled to receive death benefits, on a prospective
26 basis only, as of the first day of the month following the month in
27 which the executive director receives the application.

1 (b) The board may call an election of the membership
2 approving this section. If this section is not approved by a vote
3 of the membership, this section has no effect.

4 (c) The board shall begin to make reasonable efforts to
5 notify all known living surviving spouses who may be entitled to a
6 reinstatement of benefits under this section as soon as practicable
7 after the board certifies the results of the election of the
8 membership approving this section.

9 (d) A surviving spouse's properly completed, board-approved
10 application for reinstatement of death benefits under this section
11 must be received by the executive director not later than the 180th
12 day after the date the board completes, as determined by the board,
13 the reasonable efforts required by Subsection (c) of this section.

14 (e) A surviving spouse's application for reinstatement of
15 death benefits under this section constitutes the spouse's waiver
16 of any claims against the pension system, the board, the executive
17 director, or any other employee of the board or the pension system
18 arising out of any claim for death benefits.

19 (f) This section may not be applied retroactively. A
20 surviving spouse may not receive death benefits attributable to
21 periods before the executive director's receipt of a properly
22 completed and board-approved application, and any benefit provided
23 to a surviving spouse described in this section must be calculated
24 as if the benefits had not terminated on the surviving spouse's
25 remarriage notwithstanding the fact the reinstatement of benefits
26 is not retroactive.

27 Sec. 6.062. LUMP SUM PAYMENT ON DEATH OF CERTAIN MEMBERS.

1 (a) If an unmarried member dies while on active service and before
2 beginning participation in DROP, the last person to receive
3 benefits as the member's qualified survivors or, if the member does
4 not have a qualified survivor living, the member's designee, shall
5 be paid a lump sum payment determined in accordance with this
6 section if the member:

7 (1) had no qualified survivors; or
8 (2) only had qualified survivors who are children who
9 become ineligible to receive death benefits before the benefits
10 were paid for at least 120 consecutive months.

11 (b) The amount of the lump sum payment under this section is
12 the greater of:

13 (1) the payment that could have been provided under
14 Section 6.06(m) of this article; or

15 (2) an amount equal to the actuarial equivalent of the
16 remainder of the monthly benefits that would have been paid for the
17 period from the last monthly benefit payment to the end of the 120
18 months, including the date of the first monthly benefit payment, if
19 any.

20 (c) If no death benefit payments have been made with respect
21 to the member, the amount of a monthly death benefit payment shall
22 be considered to be the monthly death benefit that would have been
23 paid if the member had died leaving only one dependent parent who
24 was a qualified survivor.

25 (d) If a qualified survivor or designee is entitled to
26 payment under both this section and Section 6.06(m) of this
27 article, payments shall be made only under this section.

1 (e) The payment required under this section shall be made as
2 soon as practicable after the later of the date:

3 (1) of the death of the member; or

4 (2) the last qualified survivor becomes ineligible to
5 receive monthly death benefit payments.

6 Sec. 6.063. AUTHORITY TO ELECT CERTAIN ACTUARIALLY REDUCED
7 BENEFITS. (a) The board shall adopt policies under which a member
8 who is leaving active service or a pensioner may elect to accept
9 actuarially reduced benefits to provide the following optional
10 benefits:

11 (1) a 100 percent joint and survivor annuity with the
12 member's or pensioner's spouse;

13 (2) a 50 percent joint and survivor annuity with a
14 spouse who is not a qualified survivor because the marriage to the
15 pensioner occurred after the pensioner terminated active service,
16 provided the election is made not later than one year after the date
17 of the marriage; or

18 (3) a death benefit for a child who is not a qualified
19 survivor because the child was born or adopted after the member left
20 active service, but only if the child:

21 (A) is a dependent of the pensioner, within the
22 meaning of Section 152(a)(1) of the code; and

23 (B) has not attained 18 years of age at the time
24 of the election.

25 (b) An election under this section may not be revoked by the
26 member or pensioner after it is filed with the pension system.

27 (c) Notwithstanding any other provision of this article, an

1 election under this section shall result in benefits being paid as
2 prescribed by this section instead of as prescribed by Section
3 6.01, 6.02, 6.04, 6.05, 6.07, or 6.08 of this article, as
4 applicable.

5 (d) A pensioner who desires to make an election under
6 Subsection (a)(1) of this section after having made an election
7 under Subsection (a)(2) of this section shall incur a second
8 actuarial reduction in benefits to pay for the increased survivor
9 annuity.

10 (e) Except as provided by Subsection (f) of this section, a
11 person is not entitled to the payment of benefits under this section
12 with respect to a pensioner who makes an election after termination
13 of active service and dies within one year after making the
14 election, except the amount by which the pensioner's benefits were
15 reduced are paid to the person who is entitled to receive payments
16 under Section 6.064 of this article.

17 (f) Subsection (e) of this section does not apply to a
18 person who makes an election under Subsection (a)(1) of this
19 section to receive a 100 percent joint and survivor annuity with a
20 spouse who is a qualified survivor at the time:

21 (1) the board grants a retirement pension; or

22 (2) a retirement pension would have been granted but
23 for the fact that the person elected to participate in DROP after
24 retirement.

25 (g) The actuarially reduced pension being paid to the
26 pensioner under this section will not be increased if the spouse
27 dies before the pensioner, or if the child attains 19 years of age

1 before the pensioner dies.

2 (h) The joint and survivor annuity or the pensioner's
3 pension and child's death benefit payable under this section is the
4 actuarial equivalent of the pension and death benefits, if any,
5 that would have been payable, at the time of the election, if the
6 election had not been made. On the death of the pensioner:

7 (1) the surviving spouse of a pensioner who made an
8 election under Subsection (a)(1) receives a pension that is equal
9 to the reduced pension being received by the pensioner at the time
10 of death; and

11 (2) a surviving spouse who is not a qualified survivor
12 of a pensioner who made an election under Subsection (a)(2)
13 receives a pension that is 50 percent of the reduced pension being
14 received by the pensioner at the time of death.

15 (i) A pensioner and surviving spouse receiving a death
16 benefit payable under this section are eligible for adjustments
17 under Sections 6.12 and 6.13 of this article, if the pensioner or
18 surviving spouse, as applicable, is otherwise entitled to those
19 adjustments, except that in each case the adjustment shall be
20 calculated so that the total pension or death benefit paid is
21 reduced by the same percentage the pensioner's pension is otherwise
22 reduced under this section.

23 (j) A pensioner and surviving spouse receiving a death
24 benefit payable under this section are not entitled to the minimum
25 benefits provided under Section 6.10A, 6.10B, or 6.11 of this
26 article.

27 (k) A surviving spouse receiving a death benefit payable

1 under this section is not entitled to the special death benefit
2 provided under Section 6.09 of this article.

3 (l) During a period in which there are two or more qualified
4 survivors of a member who has made a joint and survivor election
5 under this section, the spousal benefit will be divided among the
6 eligible survivors under Section 6.07 or 6.08 of this article, as
7 applicable.

8 (m) A child's death benefit elected under Subsection (a)(3)
9 of this section is treated the same way as a death benefit to a child
10 who is a qualified survivor, except that it is based on the
11 actuarially reduced pension.

12 Sec. 6.064. DESIGNEES. (a) A member, pensioner, or
13 qualified survivor may at any time designate, in writing, one or
14 more persons as a designee to receive any lump sum payment due from
15 the pension system on the death of the member, pensioner, or
16 qualified survivor, as applicable.

17 (b) A designation under this section of a person other than
18 the spouse of the member, pensioner, or qualified survivor, as
19 appropriate, must be made with the written consent of the spouse, if
20 the individual has a spouse.

21 (c) A designation made under this section:

22 (1) may be revoked or changed at any time; and

23 (2) is void if the person designated dies or goes out
24 of existence before the payment is made.

25 (d) If a member, pensioner, or qualified survivor
26 designates a spouse to receive a payment and the parties are later
27 divorced, the designation is void at the time of the divorce unless

1 ratified in writing at the time of the divorce or after that time.

2 (e) A designation by a member under this section is void at
3 the time the member becomes a pensioner unless ratified in writing
4 at the time the member becomes a pensioner or after that time.

5 (f) If a member, pensioner, or qualified survivor does not
6 have a valid designee on file with the pension system at the time of
7 death, the designee is:

8 (1) the spouse;

9 (2) the qualified survivors, if any, if there is no
10 spouse;

11 (3) the estate of the person, if there is no spouse or
12 qualified survivors; or

13 (4) the heirs of the person, if there is no spouse,
14 qualified survivors, or estate.

15 SECTION 35. Sections 6.07, 6.08, 6.09, and 6.10A, Article
16 6243a-1, Revised Statutes, are amended to read as follows:

17 Sec. 6.07. GROUP A DEATH BENEFITS. (a)(1) If a Group A
18 member dies before leaving active service [~~retirement~~] and before
19 the Group A member had [~~has~~] 20 years of pension service, the Group
20 A member's [~~leaving both a qualified surviving~~] spouse and
21 [~~qualified surviving~~] children who are [~~, the~~] qualified [~~surviving~~
22 ~~spouse shall make an election for all~~] survivors shall, in the
23 aggregate, [~~to~~] receive a Group A death benefit [~~consisting in the~~
24 ~~aggregate of an amount~~] equal to a Group A retirement pension
25 computed under the terms of Section 6.01 of this article as if the
26 Group A member had completed 20 years of pension service. [~~An~~
27 ~~election under this subdivision, once made, is irrevocable. This~~

1 ~~Group A death benefit shall be divided one-half to the qualified~~
 2 ~~surviving spouse and one-half to the qualified surviving children.]~~

3 (2) ~~If a Group A [pensioner dies during disability~~
 4 ~~retirement and before the Group A pensioner had 20 years of pension~~
 5 ~~service, leaving both a qualified surviving spouse and qualified~~
 6 ~~children, the survivors in the aggregate shall receive a Group A~~
 7 ~~death benefit calculated either under Sections 6.01(b) and (c) of~~
 8 ~~this article if the Group A pensioner's Group A disability pension~~
 9 ~~was calculated under Section 6.04(a) of this article, or under~~
 10 ~~Section 6.01(c) of this article if the Group A pensioner's Group A~~
 11 ~~disability pension was calculated under Section 6.04(b) of this~~
 12 ~~article. This Group A death benefit shall be divided one-half to~~
 13 ~~the qualified surviving spouse and one-half to the qualified~~
 14 ~~surviving children.~~

15 ~~[(b)(1) If a Group A member or former Group A] member dies~~
 16 ~~before service retirement and after the Group A member has [~~or~~~~
 17 ~~~~former Group A member has]~~ 20 years of pension service, the Group A
 18 member's [~~leaving both a qualified surviving~~] spouse and [~~qualified~~
 19 ~~surviving~~] children, who are [~~the~~] qualified [~~surviving spouse~~
 20 ~~shall make an election for all]~~ survivors shall, in the aggregate,
 21 [~~to~~] receive a Group A death benefit calculated under Section 6.01
 22 of this article as if the Group A member [~~of an amount equal to a~~
 23 ~~Group A retirement pension the Group A member or former Group A~~
 24 ~~member would have received]~~ had [~~the person~~] left active service on
 25 the date of the [~~death, computed under the terms of Section 6.01 of~~
 26 ~~this article. An election under this subdivision, once made, is~~
 27 ~~irrevocable. This]~~ Group A member's death [~~benefit shall be~~~~

1 ~~divided one-half to the qualified surviving spouse and one-half to~~
2 ~~the qualified surviving children].~~

3 (3) If a Group A pensioner dies during service
4 retirement, the Group A pensioner's spouse and children who are
5 qualified survivors shall, in the aggregate, receive a Group A
6 death benefit in an amount equal to the Group A retirement pension
7 being received by the Group A pensioner at the date of death.

8 (4) If a Group A pensioner dies after November 25,
9 1996, while receiving periodic disability compensation under
10 Section 6.05 of this article or a disability pension under Section
11 6.04 of this article, and before the Group A pensioner has 20 years
12 of pension service, the Group A pensioner's spouse and children who
13 are qualified survivors shall, in the aggregate, receive a Group A
14 death benefit calculated under Section 6.04 or 6.05 of this
15 article, as applicable, in the same manner as the Group A
16 pensioner's periodic disability compensation or disability
17 pension, but as if the Group A pensioner had completed 20 years of
18 pension service.

19 (5) [~~(2)(A)~~] If a Group A pensioner who has 20 or more
20 years of pension service dies during disability retirement, the
21 Group A pensioner's spouse and children who are qualified survivors
22 shall, in the aggregate, [~~dies leaving both a qualified surviving~~
23 spouse and qualified surviving children, the qualified surviving
24 spouse shall make an election for all survivors to] receive a Group
25 A death benefit in an [the] amount equal to [of] the Group A
26 disability [~~retirement~~] pension being received by the Group A
27 pensioner on the date of the pensioner's death.

1 (b) ~~[before the person's death. This]~~ Group A death
 2 benefits under Subsection (a) of this section ~~[benefit]~~ shall:

3 (1) be divided one-half to the ~~[qualified surviving]~~
 4 spouse and one-half to the ~~[qualified surviving]~~ children who are
 5 qualified survivors; and ~~[-]~~

6 (2) subject to ~~[(B) With]~~ the terms of Sections
 7 ~~[exception of those circumstances described by Section]~~ 6.06(n),
 8 (o), (o-1), and (o-2) of this article, be distributed in an equal
 9 and uniform manner to the children described by Subdivision (1) of
 10 this subsection ~~[the Group A death benefits awarded to the~~
 11 ~~qualified survivors under this subsection shall be paid entirely to~~
 12 ~~the qualified surviving spouse and the qualified surviving~~
 13 ~~children. The qualified surviving children's one-half share shall~~
 14 ~~be equally and uniformly distributed by the qualified surviving~~
 15 ~~spouse to them].~~

16 (c) ~~[(c)(1)]~~ If a Group A member or pensioner ~~[former Group~~
 17 ~~A member]~~ dies leaving no ~~[qualified surviving]~~ spouse or
 18 ~~[qualified surviving]~~ children who are qualified survivors, the
 19 ~~[but leaves surviving one or both qualified surviving dependent~~
 20 ~~parents, the qualified surviving]~~ dependent parents who are
 21 qualified survivors shall ~~[may elect to]~~ receive a Group A death
 22 benefit equal to the death benefit otherwise payable under
 23 Subsection (a) of this section. The death benefit payable to the
 24 dependent parents under this subsection shall be divided equally
 25 between the parents regardless of whether the parents are married
 26 or living at the same residence. ~~[Group A retirement pension the~~
 27 ~~Group A member or former Group A member would have been entitled to~~

1 ~~under Section 6.01 of this article after leaving active service. If~~
2 ~~there are two qualified dependent parents, the election must be~~
3 ~~mutual. An election under this subdivision, once made, is~~
4 ~~irrevocable. The qualified surviving dependent parents of a Group~~
5 ~~A pensioner shall receive a Group A death benefit equal to the~~
6 ~~amount of the actual Group A retirement pension being received at~~
7 ~~the time of the pensioner's death, divided equally between the~~
8 ~~qualified surviving dependent parents.~~

9 ~~[(2) If a Group A pensioner dies during disability~~
10 ~~retirement and before the Group A pensioner had 20 years of pension~~
11 ~~service, leaving no qualified surviving spouse or qualified~~
12 ~~surviving children, but leaves surviving one or both qualified~~
13 ~~surviving dependent parents, the qualified surviving dependent~~
14 ~~parents may elect to receive a Group A death benefit calculated~~
15 ~~either: under Sections 6.01(b) and (c) of this article if the Group~~
16 ~~A pensioner's Group A disability pension was calculated under~~
17 ~~Section 6.04(a) of this article, or under Section 6.01(c) of this~~
18 ~~article if the Group A pensioner's Group A disability pension was~~
19 ~~calculated under Section 6.04(b) of this article. An election~~
20 ~~under this subdivision, once made, is irrevocable.~~

21 ~~[(d)]~~ If there is only one ~~[qualified surviving]~~ dependent
22 parent, that ~~[the]~~ parent is entitled to one-half of the death
23 benefit described in ~~[amount determined under Subsection (c)(1) or~~
24 ~~(c)(2) of]~~ this subsection ~~[section]~~.

25 Sec. 6.08. GROUP B DEATH BENEFITS. (a) If a Group B member
26 dies while on active service, a ~~[former]~~ Group B member who left
27 active service and is vested under Section 5.06 of this article

1 dies, or a Group B pensioner dies while receiving ~~[on]~~ service or
 2 disability retirement or while receiving periodic disability
 3 compensation under Section 6.05, the person's qualified survivors,
 4 or the person described in Section 6.06(g) as the recipient of the
 5 children's benefits ~~[guardian of the qualified surviving children~~
 6 ~~if no qualified surviving spouse exists]~~, may make application for
 7 Group B death benefits. If the deceased ~~[The qualified surviving~~
 8 ~~spouse of a Group B member or former Group B member described by~~
 9 ~~this subsection, the guardian of the qualified surviving children~~
 10 ~~of the person if no qualified surviving spouse exists, or the~~
 11 ~~qualified dependent parents if no qualified surviving spouse or~~
 12 ~~qualified surviving children exist, have the option to select~~
 13 ~~whether Group A or Group B death benefits are received, if the Group~~
 14 ~~B member or former]~~ Group B member was previously eligible to elect
 15 whether to receive either a Group A or Group B retirement pension,
 16 the option to elect whether Group A or Group B death benefits are
 17 received shall be exercised by one of the following:

18 (1) a qualified survivor who is the spouse of the
 19 deceased Group B member described by this subsection;

20 (2) the person described in Section 6.06(g) as the
 21 recipient of benefits on behalf of the deceased member's children
 22 who are qualified survivors, if no spouse is a qualified survivor;
 23 or

24 (3) the qualified survivors who are dependent parents
 25 of the deceased member, if there is neither a spouse nor children
 26 who are qualified survivors.

27 (a-1) A qualified survivor who receives Group A death

1 benefits under Subsection (a) of this section [~~subsection~~] is
 2 entitled to a ratable portion of a reimbursement from the fund in
 3 the same amount and manner determined under Section 5.03(d) of this
 4 article. A qualified survivor or guardian desiring a refund of
 5 excess contributions must make application for the refund with the
 6 executive director [~~administrator~~] within three years after the
 7 date the qualified survivor or guardian makes application for Group
 8 A death benefits. The option contained in this subsection is not
 9 available to qualified survivors of a Group B member [~~or former~~
 10 ~~Group B member~~] who had, at the time of death, already applied for a
 11 retirement pension and selected a Group A retirement pension as
 12 provided by Section 5.03(c) or (c-1) of this article, but the
 13 qualified survivors are entitled to receive a Group A death
 14 benefit.

15 (b) Subject to Subsection (b-2) of this section, death
 16 [~~Death~~] benefits shall be computed as follows for the qualified
 17 survivors of Group B members who die while on active service:

18 (1) the [A qualified surviving spouse's Group B] death
 19 benefit of a qualified survivor who is the spouse of a member who
 20 began active service:

21 (A) before March 1, 2011, shall be the sum of:

22 (i) the number of years of pension service
 23 earned before September 1, 2017, prorated for fractional years,
 24 times 1.5 percent of the [computed at the rate of 1.5 percent of the
 25 ~~Group B member's]~~ average computation pay determined over the 36
 26 [60] consecutive months of pension service in which the Group B
 27 member received the highest computation pay; plus

1 (ii) the number of [~~for each year, and~~
 2 ~~prorated for fractional years, of pension service with a minimum of~~
 3 ~~20] years of pension service, including pension service credit
 4 imputed under Section 6.05(b-1) of this article, after September 1,
 5 2017, prorated for fractional years, times 1.25 [~~assumed, or 30]~~
 6 percent of the average computation pay determined over the 60
 7 consecutive months of pension service in which the Group B member
 8 received the highest computation pay; or~~

9 (B) on or after March 1, 2011, shall be the number
 10 of years of pension service, including pension service imputed
 11 under Section 6.05(b-1) of this article, prorated for fractional
 12 years, times the applicable percentage rate set forth below of
 13 average computation pay determined over the 60 consecutive months
 14 of pension service in which the member received the highest
 15 computation pay:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
17 <u>53</u>	<u>1.0%</u>
18 <u>54</u>	<u>1.05%</u>
19 <u>55</u>	<u>1.10%</u>
20 <u>56</u>	<u>1.15%</u>
21 <u>57</u>	<u>1.2%</u>
22 <u>58 and older</u>	<u>1.25%;</u>

23 (2) the death benefit of qualified survivors who are a
 24 member's children shall be computed in the same manner as a spouse's
 25 benefit is computed under Subdivision (1)(A) or (B) of this
 26 subsection, as applicable, and shall be divided equally among all
 27 of the qualified survivor children; and

1 (3) the death benefit of each qualified survivor who
2 is a member's dependent parent shall be computed in the same manner
3 as a spouse's Group B benefit is computed under Subdivision (1)(A)
4 or (B) of this subsection, as applicable.

5 (b-1) Pension service for purposes of the calculation under
6 Subsection (b) of this section may not be less than 20 years. Any
7 partial year of pension service for the first 20 years of pension
8 service is counted as a full year of pension service, if the member
9 was considered by the member's department to have worked a normal,
10 full-time schedule at the time of the member's death.

11 (b-2) The death benefit calculated under Subsection (b) of
12 this section may not exceed the greater of:

13 (1) 45 [a computation for 32 years of pension service,
14 or 48] percent of the member's average computation pay determined
15 over the 36 or 60 consecutive months, as applicable, in which the
16 Group B member received the highest computation pay; or

17 (2) the vested and accrued death benefit as determined
18 on August 31, 2017.

19 (b-3) For purposes of Subsections (b) through (b-2) of this
20 section:

21 (1) if [If] the Group B member had less than 36 or 60
22 consecutive months, as applicable, [five years] of pension service,
23 the average computation pay will be computed based on the person's
24 entire pension service; and

25 (2) days during which the member earned no pension
26 service due to a termination of active service or otherwise must be
27 disregarded in determining the 36 or 60 consecutive months, as

1 applicable, of highest computation pay.

2 ~~[(2) A qualified surviving child's Group B death~~
3 ~~benefit shall be computed in the same manner as a qualified~~
4 ~~surviving spouse's benefit is computed under Subdivision (1) of~~
5 ~~this subsection and shall be divided equally among all of the~~
6 ~~qualified surviving children.]~~

7 ~~[(3) Each qualified surviving dependent parent's Group~~
8 ~~B death benefit shall be computed in the same manner as a qualified~~
9 ~~surviving spouse's Group B benefit is computed under Subdivision~~
10 ~~(1) of this subsection.]~~

11 (c) Group B death benefits shall be computed as follows for
12 the qualified survivors of any [~~former~~] Group B member who died
13 after leaving active service and who had vested rights under
14 Section 5.06 of this article but who had not received [~~Group B~~]
15 retirement benefits [~~under Section 6.02 of this article~~] at the
16 time of death:

17 (1) the death benefit of a [~~The~~] qualified survivor
18 who is the member's [~~surviving~~] spouse [~~of the former Group B~~
19 ~~member~~] is [~~entitled to a Group B death benefit~~] equal to 50 percent
20 of any [~~Group B~~] retirement pension the [~~former Group B~~] member
21 would have been entitled to [~~under Section 6.02 of this article~~] as
22 of the date the [~~former Group B~~] member left active service; [~~-~~]

23 (2) the death benefits of [~~The~~] qualified survivors
24 who are the member's [~~surviving~~] children [~~of the former Group B~~
25 ~~member~~] are [~~entitled to a Group B benefit~~] calculated in the same
26 manner as the spouse's benefit is computed under Subdivision (1) of
27 this subsection [~~Group B death benefit of a qualified surviving~~

1 spouse], to be divided equally between the [~~qualified surviving~~
2 children; and~~[-]~~

3 (3) the death benefit of each [~~Each of the~~] qualified
4 survivor who is the member's [~~surviving~~] dependent parent [~~parents~~
5 ~~of the former Group B member~~] is [~~entitled to a Group B death~~
6 ~~benefit~~] equal to 50 percent of any [~~Group B~~] retirement pension the
7 [~~former Group B~~] member would have been entitled to [~~under the~~
8 ~~provisions of Section 6.02 of this article~~] as of the date the
9 [~~former Group B~~] member left active service.

10 (d) Group B death benefits shall be computed as follows for
11 the qualified survivors of any Group B pensioner [~~of this plan~~] who
12 dies while receiving service [~~a Group B~~] retirement [~~pension~~]:

13 (1) the death benefit of a [~~The~~] qualified [~~surviving~~
14 survivor who is the pensioner's spouse [~~of a Group B pensioner~~] is
15 [~~entitled to Group B death benefits~~] equal to 50 percent of any
16 retirement pension the Group B pensioner was receiving at the time
17 of death; ~~[-]~~

18 (2) the death benefits of qualified survivors who are
19 the pensioner's [~~The qualified surviving~~] children [~~of a Group B~~
20 ~~pensioner~~] are [~~entitled to a Group B death benefit~~] calculated in
21 the same manner as the spouse's benefit is computed under
22 Subdivision (1) of this subsection [~~Group B death benefit of a~~
23 ~~qualified surviving spouse~~], to be divided equally between the
24 [~~qualified surviving~~] children; and~~[-]~~

25 (3) the death benefit of each [~~Each of the~~] qualified
26 survivor who is the pensioner's [~~surviving~~] dependent parent
27 [~~parents of a Group B pensioner~~] is [~~entitled to a Group B death~~

1 ~~benefit~~] equal to 50 percent of any retirement pension the Group B
2 pensioner was receiving at the time of death.

3 (e) Group B death benefits shall be computed as follows for
4 the qualified survivors of any Group B pensioner who dies while
5 receiving disability retirement or while receiving periodic [~~a~~
6 ~~Group B~~] disability compensation under Section 6.05 of this article
7 [~~pension due to either a service-connected or nonservice-connected~~
8 ~~disability~~]:

9 (1) the death benefit of a [~~The~~] qualified survivor
10 who is the pensioner's [~~surviving~~] spouse [~~of the Group B~~
11 ~~pensioner~~] is [~~entitled to the greater of a Group B death benefit~~]
12 equal to 50 percent of any Group B periodic disability compensation
13 or disability pension the Group B pensioner would have been
14 entitled to [~~under Section 6.05 of this article~~] as of the date the
15 Group B pensioner left active service because of disability, or a
16 Group B death benefit equal to 50 percent of any periodic disability
17 compensation or [~~Group B~~] disability pension the Group B pensioner
18 was receiving at the time of death; [~~+~~]

19 (2) the death benefits of [~~The~~] qualified survivors
20 who are the pensioner's [~~surviving~~] children [~~of the Group B~~
21 ~~pensioner~~] are [~~entitled to a Group B death benefit~~] calculated in
22 the same manner as the spouse's [~~Group B death~~] benefit is computed
23 under Subdivision (1) of this subsection [~~of a qualified surviving~~
24 ~~spouse~~], to be divided equally between the [~~qualified surviving~~]
25 children; and [~~+~~]

26 (3) the death benefit of each [~~Each of the~~] qualified
27 survivor who is the pensioner's [~~surviving~~] dependent parent

1 ~~[parents of the Group B pensioner]~~ is ~~[entitled to the greater of a~~
2 ~~Group B death benefit]~~ equal to 50 percent of any periodic
3 disability compensation or disability pension the Group B pensioner
4 would have been entitled to ~~[under Section 6.05 of this article]~~ as
5 of the date the Group B pensioner left active service because of
6 disability, or a Group B death benefit equal to 50 percent of any
7 periodic disability compensation or [Group B] disability pension
8 the Group B pensioner was receiving at the time of death.

9 Sec. 6.09. QUALIFIED SURVIVING SPOUSE SPECIAL DEATH
10 BENEFIT. (a) A person who is the [Notwithstanding Sections 6.06
11 ~~and 6.07 of this article, the qualified surviving]~~ spouse of a Group
12 A primary party, who is a qualified survivor, and who is entitled to
13 death benefits under Sections 6.06, 6.061, 6.062, 6.063, and 6.07
14 of this article is also entitled to a special death benefit under
15 this section if:

16 (1) the Group A primary party:

17 (A) ~~[elected to receive a Group A retirement~~
18 ~~pension and later died, was receiving a disability or retirement~~
19 ~~pension either under the terms of Plan A before the original~~
20 ~~enactment of this article or elected to receive a Group A retirement~~
21 ~~pension under Sections 6.01(e), (f), and (g) of this article and~~
22 ~~later died, or was receiving a Group A disability pension under~~
23 ~~Section 6.04(c) of this article and later died,~~

24 ~~[(2) the Group A primary party (i)]~~ had at least 20
25 years of pension service, ~~[and]~~ left active service after October
26 1, 1985, and was at least 62 ~~[55]~~ years of age on the earlier of the
27 date the primary party:

1 (i) left active service; or
2 (ii) began participation in DROP [~~or~~
3 ~~elder~~]; or

4 (B) had [~~(ii) on or after May 1, 1990, the Group A~~
5 ~~primary party, after accruing~~] at least 20 years of pension
6 service, left active service on or after May 31, 2000, and on the
7 earlier of the date the primary party left active service or began
8 participation in DROP, [~~and~~] had a total of at least 78 [~~80~~]
9 credits, with each year of pension service, prorated for fractional
10 years, equal to one credit and with each year of age, prorated for
11 fractional years, equal to one credit; or [~~and~~]

12 (2) the [~~(3) the qualified surviving~~] spouse has
13 attained 58 [~~55~~] years of age and there are no [~~qualified surviving~~]
14 children who are qualified survivors eligible for death benefits.

15 (b) Until the requirements of Subsection (a) of this section
16 are satisfied, a qualified survivor who is the spouse of a Group A
17 primary party [~~surviving spouse~~] shall receive a Group A death
18 benefit in accordance with Section 6.07 of this article.

19 (c) The special Group A death benefit under Subsection (a)
20 of this section is calculated based on the following formula:

21 $(P \times P \times A) + (P \times C) + D$, where

22 A = base pay at the time the Group A primary party began
23 participation in DROP, begins service retirement, dies, or becomes
24 disabled, plus longevity pay, plus one-twelfth of last-received
25 city service incentive pay;

26 B = Group A primary party's benefit calculated at the time the
27 Group A primary party began participation in DROP, begins service

1 retirement, dies, or becomes disabled;

2 P = B/A (expressed as a percentage or a decimal);

3 C = the number of adjustments made to a Group A primary
4 party's ~~[Group A]~~ retirement pension, disability pension, or
5 periodic [Group A] disability compensation, [~~pension under Section~~
6 ~~6.04 of this article~~] multiplied by the amount of the adjustments;
7 and

8 D = the number of adjustments made under this article to the
9 ~~[a qualified surviving spouse's]~~ Group A death benefit of a spouse
10 who is a qualified survivor under Section 6.07, ~~[of this article]~~
11 multiplied by the amount of the adjustments.

12 (d) A person who is the ~~[Notwithstanding Sections 6.03 and~~
13 ~~6.05 of this article, a qualified surviving]~~ spouse of a Group B
14 primary party, who is a qualified survivor, and who is entitled to
15 any death benefits under Sections 6.06, 6.061, 6.062, 6.063, and
16 ~~[or]~~ 6.08 of this article is also entitled to a special benefit
17 under this section if:

18 (1) the Group B primary party ~~[elected to receive a~~
19 ~~Group B retirement pension and later died, or was receiving a Group~~
20 ~~B disability or retirement pension under this article and died,~~

21 ~~[(2) the Group B primary party]:~~

22 (A) had at least 20 years of pension service,
23 left active service after October 1, 1985, and was at least 62 ~~[55]~~
24 years of age at the earlier of the date the primary party left ~~[time~~
25 ~~of leaving]~~ active service or began participation in DROP; or

26 (B) on or after May 31, 2000 ~~[1, 1990]~~, ~~[the Group~~
27 ~~B primary party]~~ left active service or began participation in

1 DROP, whichever was earlier, having a total of at least 78 [~~80~~]
 2 credits, with each year of pension service, prorated for fractional
 3 years, equal to one credit and with each year of age, determined at
 4 the time the Group B primary party left active service or began
 5 participation in DROP, prorated for fractional years, equal to one
 6 credit; or [~~and~~]

7 (2) [~~(3)~~] the [~~qualified—surviving~~] spouse has
 8 attained 62 [~~55~~] years of age, and there are no [~~qualified~~
 9 ~~surviving~~] children of the primary party who are qualified
 10 survivors.

11 (d-1) Until the requirements of Subsection (d) [~~(c)~~] of this
 12 section are satisfied, a spouse who is a qualified survivor
 13 [~~surviving spouse~~] may only receive a Group B death benefit in
 14 accordance with Sections 6.06, 6.061, 6.062, 6.063, [~~6.03~~] and 6.08
 15 [~~6.05~~] of this article.

16 (e) The [~~This~~] special Group B death [~~survivor~~] benefit
 17 under Subsection (d) of this section is calculated based on the
 18 following formula:

19
$$(P \times P \times A) + (P \times C) + D, \text{ where}$$

20 A = average monthly computation pay at the time the Group B
 21 primary party begins service retirement, dies, [~~or~~] becomes
 22 disabled, or begins participation in DROP;

23 B = the Group B primary party's benefit [~~Group B retirement or~~
 24 ~~Group B disability pension~~] calculated at the time the Group B
 25 primary party begins participation in DROP, begins to receive
 26 service [~~or disability~~] retirement, [~~or~~] dies, or becomes disabled;

27 P = B/A (expressed as a percentage or a decimal);

1 C = the number of post-retirement [~~postretirement~~]
 2 adjustments made to a Group B primary party's [~~Group B~~] retirement
 3 pension, disability pension, or periodic [~~Group B~~] disability
 4 compensation [~~pension under Section 6.05 of this article~~]
 5 multiplied by the amount of the adjustments; and

6 D = the number of adjustments made to the [~~a qualified~~
 7 ~~surviving spouse's~~] Group B death benefit of a qualified survivor
 8 who is the primary party's spouse under Section 6.08 of this article
 9 multiplied by the amount of the adjustments.

10 Sec. 6.10A. MINIMUM BENEFITS TO CERTAIN GROUP A PRIMARY
 11 PARTIES WHO WERE GROUP A, OLD PLAN, OR COMBINED PENSION PLAN MEMBERS
 12 [~~ELECT TO RECEIVE RETIREMENT PENSION UNDER SECTIONS 6.01(B) AND~~
 13 ~~(C)~~] AND THEIR QUALIFIED SURVIVORS. (a) Except as provided by
 14 Section 6.063 of this article or Subsections (b) and (h) of this
 15 section and notwithstanding any benefit computation and
 16 determination to the contrary contained in this article, the
 17 minimum Group A benefits provided by this section shall be paid to
 18 any Group A primary party who elects to receive a Group A retirement
 19 pension under Sections 6.01(b) and (c) of this article, the old
 20 plan, or former Section 14(a) of this article, or to the primary
 21 party's qualified survivors [~~. The benefits under this section~~
 22 ~~shall be distributed in accordance with Sections 6.01(b) and (c),~~
 23 ~~6.04(a), or 6.07 of this article, as applicable~~], except that a
 24 Group A primary party who elects to receive an actuarially reduced
 25 [~~Group A retirement pension because of the primary party's request~~
 26 ~~to receive a Group A~~] retirement pension before 58 [~~50~~] years of age
 27 and the primary party's qualified survivors are not entitled to the

1 ~~[Group A]~~ minimum benefits specified under this section. An
2 alternate payee is not entitled to the Group A minimum benefits
3 specified in this section.

4 (b) A Group A primary party who elects to receive a Group A
5 retirement pension under Sections 6.01(b) and (c) of this article,
6 the old plan, or former Section 14(a) of this article and who left
7 active service with 20 or more years of pension service is entitled
8 to receive a minimum Group A retirement pension of \$2,200 [~~\$1,500~~] a
9 month. [~~If the Group A primary party's Group A retirement pension~~
10 ~~is subject to a qualified domestic relations order and the sum of~~
11 ~~the actuarial equivalents of the monthly benefits payable to the~~
12 ~~Group A primary party and the alternate payee is less than the~~
13 ~~actuarial equivalent of the minimum monthly Group A retirement~~
14 ~~pension described by this subsection, the Group A primary party's~~
15 ~~monthly Group A retirement pension will be increased so that the sum~~
16 ~~of the actuarial equivalents of the alternate payee's and the Group~~
17 ~~A primary party's monthly Group A retirement pension equals the~~
18 ~~actuarial equivalent of the minimum monthly Group A retirement~~
19 ~~pension calculated under this subsection.]~~

20 (c) In the absence of children who are [A] qualified
21 survivors, a [~~surviving~~] spouse who is a qualified survivor of a
22 Group A primary party who elected to receive a Group A retirement
23 pension under Sections 6.01(b) and (c) of this article, the old
24 plan, or former Section 14(a) of this article, will receive a
25 minimum monthly Group A death benefit of \$1,200 [~~\$750~~].

26 (d) A spouse who is a qualified survivor [~~surviving spouse~~]
27 of a Group A primary party who elected to receive a Group A

1 retirement pension under Sections 6.01(b) and (c) of this article,
2 the old plan, or former Section 14(a) of this article, will receive,
3 if there are children who are qualified survivors [~~surviving~~
4 ~~children~~], a minimum Group A death benefit of \$1,100 [~~\$750~~] a month.
5 [~~The qualified surviving children, as a group, will receive a~~
6 ~~minimum Group A death benefit of \$750 a month, to be divided equally~~
7 ~~among them.~~]

8 (e) In the absence of a spouse who is a qualified survivor
9 [~~surviving spouse~~] of a Group A primary party who elected to receive
10 a Group A retirement pension under Sections 6.01(b), ~~and~~ (c), or
11 (e) of this article, the old plan, or former Section 14(a) of this
12 article, the primary party's children who are qualified survivors
13 [~~surviving children~~], as a group, will receive a minimum Group A
14 death benefit of \$1,100 [~~\$750~~] a month, to be divided equally among
15 them.

16 (f) If there is neither a [~~In the absence of both a qualified~~
17 ~~surviving~~] spouse nor a child who is a [~~and~~] qualified survivor
18 [~~surviving children~~] of a Group A primary party who elected to
19 receive a Group A retirement pension under Sections 6.01(b) and (c)
20 of this article, the old plan, or former Section 14(a) of this
21 article, each [~~qualified surviving~~] dependent parent who is a
22 qualified survivor will receive a minimum Group A death benefit of
23 \$1,100 [~~\$750~~] a month. If only one of them is surviving, that [~~the~~
24 ~~qualified surviving~~] dependent parent will receive a minimum Group
25 A death benefit equal to \$1,100 [~~\$750~~] a month.

26 (g) Notwithstanding the minimum monthly benefit described
27 in other subsections of this section, a Group A primary party who

1 receives periodic disability compensation under Section 6.05(b) or
2 a Group A disability pension under Section 6.04(a) of this article,
3 the old plan, or former Section 17(a) of this article, [calculated
4 in the same manner as a Group A retirement pension under Sections
5 6.01(b) and (c) of this article,] shall receive a minimum Group A
6 disability pension equal to \$2,200 [~~\$1,500~~] a month.

7 (h) If a Group A pensioner who received a monthly benefit
8 under Section 6.05(b-1) of this article or a disability pension
9 under Section 6.04(a) of this article, calculated in the same
10 manner as a Group A retirement pension under Sections 6.01(b) and
11 (c), the old plan, or former Section 17(a) of this article [primary
12 party's disability pension is subject to a qualified domestic
13 relations order and the sum of the actuarial equivalents of the
14 monthly benefits payable to the Group A primary party and the
15 alternate payee is less than the actuarial equivalent of the
16 minimum monthly Group A disability pension determined under
17 Subsection (g) of this section, the Group A primary party's minimum
18 monthly Group A disability pension will be increased so that the sum
19 of the actuarial equivalents of the alternate payee's and the Group
20 A primary party's minimum monthly Group A disability pension equals
21 the amount determined under Subsection (g) of this section.

22 [~~(i) If a Group A pensioner who received a disability under~~
23 ~~Section 6.04(a) of this article, calculated in the same manner as a~~
24 ~~Group A retirement pension under Sections 6.01(b) and (c) of this~~
25 ~~article] before the completion of 20 years of pension service dies,
26 the qualified survivors will receive a minimum Group A death
27 benefit as provided under Subsection (c), (d), (e), or (f) of this~~

1 section, as applicable, whichever is greatest.

2 SECTION 36. The heading to Section 6.10B, Article 6243a-1,
3 Revised Statutes, is amended to read as follows:

4 Sec. 6.10B. MINIMUM BENEFITS TO CERTAIN GROUP A PRIMARY
5 PARTIES WHO WERE GROUP A, PLAN A, OR COMBINED PLAN MEMBERS [~~ELECT TO~~
6 ~~RECEIVE RETIREMENT PENSION UNDER SECTION 6.01(E)~~] AND THEIR
7 QUALIFIED SURVIVORS.

8 SECTION 37. Sections 6.10B(a), (b), (c), (d), (e), (f),
9 (g), and (i), Article 6243a-1, Revised Statutes, are amended to
10 read as follows:

11 (a) Except as provided by Section 6.063 of this article and
12 Subsection [~~Subsections~~] (b) [~~and (h)~~] of this section and
13 notwithstanding any benefit computation and determination to the
14 contrary contained in this article, the minimum Group A benefits
15 provided by this section shall be paid to any Group A primary party
16 who elects to receive a Group A retirement pension under Section
17 6.01(e) of this article, Plan A, or former Section 14(b) of this
18 article or to the primary party's qualified survivors[~~.—The~~
19 ~~benefits under this section shall be distributed in accordance with~~
20 ~~Section 6.01(e), 6.04(b), or 6.07 of this article, as applicable~~],
21 except that a Group A primary party who elects to receive an
22 actuarially reduced Group A retirement pension [~~because of the~~
23 ~~primary party's request to receive a Group A retirement pension~~]
24 before 58 [~~55~~] years of age and the primary party's qualified
25 survivors are not entitled to the [~~Group A~~] minimum benefits
26 specified in [~~under~~] this section. An alternate payee is not
27 entitled to the Group A minimum benefits specified in this section.

1 (b) A Group A primary party who elects [~~elected~~] to receive
2 a Group A retirement pension under Section 6.01(e) of this article, Plan A,
3 or former Section 14(b) of this article and who left active
4 service with 20 or more years of pension service is entitled to
5 receive a minimum [~~Group A~~] retirement pension equal to the greater
6 of \$2,200 [~~(i) \$1,500~~] a month or [~~(ii)~~] \$1,000 a month adjusted, if
7 applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of
8 this article. [~~If the Group A primary party's Group A retirement~~
9 ~~pension is subject to a qualified domestic relations order and the~~
10 ~~sum of the actuarial equivalents of the monthly benefits payable to~~
11 ~~the Group A primary party and the alternate payee is less than the~~
12 ~~actuarial equivalent of the minimum monthly Group A retirement~~
13 ~~pension described by this subsection, the Group A primary party's~~
14 ~~monthly Group A retirement pension will be increased so that the sum~~
15 ~~of the actuarial equivalents of the alternate payee's and the Group~~
16 ~~A primary party's monthly Group A retirement pension equals the~~
17 ~~actuarial equivalent of the minimum monthly Group A retirement~~
18 ~~pension calculated under this subsection.]~~

19 (c) In the absence of children who are [A] qualified
20 survivors, a [~~surviving~~] spouse who is a qualified survivor of a
21 Group A primary party who elects [~~elected~~] to receive a Group A
22 retirement pension under Section 6.01(e) of this article, Plan A,
23 or former Section 14(b) of this article, will receive a minimum
24 monthly [~~Group A~~] death benefit equal to the greater of \$1,200
25 [~~(i) \$750~~] a month or [~~(ii)~~] \$500 a month adjusted, if applicable,
26 in the manner described by Section 6.12 [~~6.12(a)~~] of this article.

27 (d) A spouse who is a qualified survivor [~~surviving spouse~~]

1 of a Group A primary party who elects to receive a Group A
 2 retirement pension under Section 6.01(e) of this article, Plan A,
 3 or former Section 14(b) of this article, will receive, if there are
 4 children who are qualified survivors [~~surviving children~~], a
 5 minimum Group A death benefit equal to the greater of \$1,100 [~~(i)~~
 6 ~~\$750~~] a month or [~~(ii)~~] \$500 a month adjusted, if applicable, in the
 7 manner described by Section 6.12 [~~6.12(a)~~] of this article. The
 8 children who are qualified survivors [~~surviving children~~], as a
 9 group, will receive a minimum [~~Group A~~] death benefit equal to the
 10 greater of \$1,100 [~~(iii)~~ ~~\$750~~] a month or [~~(iv)~~] \$500 a month
 11 adjusted, if applicable, in the manner described by Section 6.12
 12 [~~6.12(a)~~] of this article, to be divided equally among them.

13 (e) In the absence of a spouse who is a qualified survivor
 14 [~~surviving spouse~~] of a Group A primary party who elected to receive
 15 a Group A retirement pension under Section 6.01(e) of this article,
 16 Plan A, or former Section 14(b) of this article, the [~~the qualified~~
 17 ~~surviving children of a Group A~~] primary party's children who are
 18 qualified survivors [~~party~~], as a group, will receive a minimum
 19 Group A death benefit equal to the greater of \$1,100 [~~(i)~~ ~~\$750~~] a
 20 month or [~~(ii)~~] \$500 a month adjusted, if applicable, in the manner
 21 described by Section 6.12 [~~6.12(a)~~] of this article, to be divided
 22 equally among them.

23 (f) If there is neither a [~~In the absence of both a qualified~~
 24 ~~surviving~~] spouse nor child who is a [~~and~~] qualified survivor
 25 [~~surviving children~~] of a Group A primary party who elected to
 26 receive a Group A retirement pension under Section 6.01(e) of this
 27 article, Plan A, or the former Section 14(b) of this article, each

1 ~~[qualified surviving]~~ dependent parent who is a qualified survivor
2 will receive a minimum Group A death benefit equal to the greater of
3 \$1,100 [~~(i) \$750~~] a month or [~~(ii)~~] \$500 a month adjusted, if
4 applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of
5 this article. If only one of them is surviving, that [~~the qualified~~
6 ~~surviving~~] dependent parent will receive a minimum Group A death
7 benefit equal to the greater of \$1,100 [~~(iii) \$750~~] a month or
8 [~~(iv)~~] \$500 a month adjusted, if applicable, in the manner
9 described by Section 6.12 [~~6.12(a)~~] of this article.

10 (g) Notwithstanding the minimum monthly benefit as
11 described in other subsections of this section, a Group A primary
12 party who leaves active service on a non-service-connected
13 [~~nonservice-connected~~] disability under Section 6.04(a)
14 [~~6.04(b)(2)~~] of this article, Plan A, or former Section 17(b)(2) of
15 this article, with less than 20 years of pension service shall
16 receive a minimum monthly Group A disability pension equal to the
17 greater of \$110 [~~(i) \$75~~] multiplied by the number of years of the
18 primary party's pension service or [~~(ii)~~] \$50 multiplied by the
19 number of years of the primary party's pension service, the product
20 adjusted, if applicable, in the manner described by Section 6.12
21 [~~6.12(a)~~] of this article.

22 (i) If a Group A pensioner who received a
23 non-service-connected [~~nonservice-connected~~] disability under
24 Section 6.04(a) [~~6.04(b)(2)~~] of this article, Plan A, or former
25 Section 17(b)(2) of this article, before the completion of 20 years
26 of pension service dies, the qualified survivors will each receive
27 the amount specified in Section 6.07 of this article or the minimum

1 ~~[monthly]~~ Group A death benefit as provided under Subsection (c),
 2 (d), (e), or (f) of this section, as applicable, whichever is
 3 greatest.

4 SECTION 38. Sections 6.11, 6.12, and 6.13, Article 6243a-1,
 5 Revised Statutes, are amended to read as follows:

6 Sec. 6.11. MINIMUM BENEFITS TO GROUP B PRIMARY PARTIES AND
 7 THEIR QUALIFIED SURVIVORS. (a) Except as provided by Section 6.063
 8 of this article or Subsections (b), (c), and (h) of this section and
 9 notwithstanding any benefit computation and determination to the
 10 contrary contained in this article, the minimum Group B benefits
 11 provided by this section shall be paid to any Group B primary party
 12 or the primary party's qualified survivors, except further that a
 13 Group B primary party who elects to receive an actuarially reduced
 14 ~~[Group B]~~ retirement pension ~~[because of the primary party's~~
 15 ~~request to receive the pension at or after age 45, but]~~ before age
 16 58, including a request for a benefit under Sections 6.02(c) and
 17 (d), [50] and the primary party's qualified survivors~~[7]~~ or ~~[an]~~
 18 alternate payee ~~[of the primary party]~~, are not entitled to the
 19 Group B minimum benefits specified by this section.

20 (b) If a Group B primary party leaves active service with 20
 21 or more years of pension service, the Group B primary party is
 22 entitled to receive a Group B minimum retirement pension equal to
 23 the greater of \$2,200 ~~[(i) \$1,500]~~ a month or ~~[(ii)]~~ \$925 a month,
 24 which sum may (A) increase at the rate of \$5 a month for each year of
 25 pension service beyond 20 years, but the increase may not exceed \$75
 26 and (B) be adjusted, if applicable, in the manner described by
 27 Section 6.12 ~~[6.12(a)]~~ of this article. ~~[If a Group B primary~~

1 ~~party's Group B retirement pension is or becomes subject to a~~
 2 ~~qualified domestic relations order and the sum of the actuarial~~
 3 ~~equivalents of the monthly Group B retirement pension payable to~~
 4 ~~the Group B primary party and the alternate payee is less than the~~
 5 ~~actuarial equivalent of the minimum monthly Group B retirement~~
 6 ~~pension as calculated under this subsection, the Group B primary~~
 7 ~~party's monthly Group B retirement pension will be increased so~~
 8 ~~that the sum of the actuarial equivalents of both the alternate~~
 9 ~~payee's and the Group B primary party's Group B retirement pensions~~
 10 ~~equals the actuarial equivalent of the minimum monthly Group B~~
 11 ~~retirement pension as calculated under this subsection.]~~

12 (c) If a Group B primary party leaves active service with
 13 less than 20 years of pension service, the primary party is entitled
 14 to receive a minimum monthly Group B retirement pension equal to the
 15 greater of:

16 (1) \$2,200 [~~(i) \$1,500~~] a month divided by 20 and
 17 multiplied by the Group B primary party's number of years of pension
 18 service; or

19 (2) [(ii)] \$925 a month divided by 20 and multiplied
 20 by the Group B primary party's number of years of pension service,
 21 which amount is then adjusted, if applicable, in the manner
 22 described by Section 6.12 [~~6.12(a)~~] of this article. [~~If a Group B~~
 23 ~~primary party's retirement pension is or becomes subject to a~~
 24 ~~qualified domestic relations order and the sum of the actuarial~~
 25 ~~equivalents of the monthly Group B retirement pension payable to~~
 26 ~~the Group B primary party and the alternate payee is less than the~~
 27 ~~actuarial equivalent of the monthly retirement pension as~~

1 ~~calculated under this subsection, the Group B primary party's~~
 2 ~~monthly Group B retirement pension will be increased so that the sum~~
 3 ~~of the actuarial equivalents of the alternate payee's and the Group~~
 4 ~~B primary party's monthly Group B retirement pensions equals the~~
 5 ~~actuarial equivalent of the minimum monthly Group B retirement~~
 6 ~~pension as calculated under this subsection.]~~

7 (d) In the absence of children who are qualified survivors,
 8 a spouse who is a [~~surviving children, the~~] qualified survivor
 9 [~~surviving spouse~~] of a Group B primary party will receive a minimum
 10 Group B death benefit equal to the greater of:

11 (1) \$1,200 [~~(i) \$750~~] a month; or
 12 (2) [~~(ii)~~] \$600 a month adjusted, if applicable, in
 13 the manner described by Section 6.12 [~~6.12(a)~~] of this article.

14 (e) A spouse who is a qualified survivor [~~surviving spouse~~]
 15 of a Group B primary party [~~will receive~~], if there are children who
 16 are qualified survivors [~~surviving children~~], will receive [~~the~~
 17 ~~greater of a minimum Group B death benefit of 50 percent of the~~
 18 ~~primary party's minimum monthly Group B retirement pension~~
 19 ~~described by Subsection (b) or (c) of this section, whichever is~~
 20 ~~applicable. The qualified surviving children, as a group, will~~
 21 ~~receive the greater of]~~ a minimum [~~monthly~~] Group B death benefit of
 22 \$1,100 a month [~~50 percent of the minimum monthly Group B retirement~~
 23 ~~pension described by Subsection (b) or (c) of this section,~~
 24 ~~whichever is applicable, to be divided equally among them]~~.

25 (f) The [~~In the absence of a qualified surviving spouse, the~~
 26 ~~qualified surviving~~] children who are qualified survivors of a
 27 Group B primary party, as a group, will receive a minimum Group B

1 death benefit equal to the greater of \$1,100 [~~(i) \$750~~] a month or
2 [~~(ii)~~] \$600 a month adjusted, if applicable, in the manner
3 described by Section 6.12 [~~6.12(a)~~] of this article, to be divided
4 equally between them.

5 (g) If there is neither a [~~In the absence of either a~~
6 ~~qualified surviving~~] spouse nor a child who is a [~~or~~] qualified
7 survivor [~~surviving children~~], each [~~qualified surviving~~]
8 dependent parent who is a qualified survivor of the deceased Group B
9 primary party will receive a minimum death benefit of \$1,100 a month
10 [~~Group B minimum death benefit equal to the greater of 50 percent of~~
11 ~~the Group B primary party's minimum monthly Group B retirement~~
12 ~~pension described by Subsection (b) or (c) of this section,~~
13 ~~whichever is applicable. If only one qualified surviving dependent~~
14 ~~parent is surviving, the parent will receive a Group B minimum death~~
15 ~~benefit of 50 percent of the minimum monthly Group B retirement~~
16 ~~pension described by Subsection (b) or (c) of this section,~~
17 ~~whichever is applicable~~].

18 (h) Notwithstanding the minimum monthly [~~Group B~~]
19 retirement pension otherwise described by this section, a Group B
20 primary party who left active service on a non-service-connected
21 [~~nonservice-connected~~] disability with less than 20 years of
22 pension service will receive a minimum monthly [~~Group B~~] disability
23 pension equal to the greater of \$110 [~~(i) \$75~~] multiplied by the
24 number of years of the primary party's pension service or [~~(ii)~~]
25 \$46.25 multiplied by the number of years of the primary party's
26 pension service, the product adjusted in the manner, if applicable,
27 described by Section 6.12 [~~6.12(a)~~] of this article. [~~If the Group~~

1 ~~B primary party's Group B disability pension is or becomes subject~~
 2 ~~to a qualified domestic relations order and the sum of the actuarial~~
 3 ~~equivalents of the monthly Group B disability pension payable to~~
 4 ~~the Group B primary party and the alternate payee is less than the~~
 5 ~~actuarial equivalent of the monthly disability pension as~~
 6 ~~calculated under this subsection, the Group B primary party's~~
 7 ~~monthly Group B disability pension will be increased so that the sum~~
 8 ~~of the actuarial equivalents of the alternate payee's and the Group~~
 9 ~~B primary party's monthly Group B disability pensions equals the~~
 10 ~~actuarial equivalents of the minimum monthly Group B disability~~
 11 ~~pension as calculated under this subsection.] If a Group B primary~~
 12 party who was receiving a non-service-connected
 13 [~~non-service-connected Group B~~] disability pension before the
 14 completion of 20 years pension service dies, the qualified
 15 survivors will receive the amount specified in Section 6.08 of this
 16 article, or the [~~Group B~~] minimum monthly death benefits granted to
 17 qualified survivors as provided by Subsections (d), (e), (f), and
 18 (g) of this section, as applicable, whichever is greater.

19 Sec. 6.12. ADJUSTMENTS TO RETIREMENT AND DISABILITY PENSION
 20 BENEFITS. (a) This section applies to the following benefits
 21 provided under this article:

22 (1) [~~Annually on the first day of October,~~] a
 23 retirement pension calculated under Section 6.01(e) [~~Section 6.01~~]
 24 or 6.02 of this article;

25 (2) [~~7~~] a disability pension calculated under Section
 26 6.04 of this article, other than under Section 6.04(a) of this
 27 article;

1 (3) periodic disability compensation benefit under
2 Section [0x] 6.05 of this article, other than Section 6.05(b-1) of
3 this article; [7] or

4 (4) a death benefit calculated under:

5 (A) Section 6.07 of this article, if calculated
6 in the manner of a retirement pension under Section 6.01(e) of this
7 article or in the manner of a disability compensation benefit under
8 Section 6.05(b-1) of this article; or

9 (B) Section 6.08 of this article currently in pay
10 status, or pending board approval on the last day of September [7
11 will be increased by an amount equal to four percent, not
12 compounded, of the original amount of the retirement or disability
13 pension or death benefit].

14 (b) Except as provided by Subsection (d) of this section,
15 annually on the first day of October, the pension system shall
16 increase the base pension of a benefit described by Subsection (a)
17 of this section by a percentage equal to the average annual rate of
18 actual investment return of the pension system for the five-year
19 period ending on the December 31 preceding the effective date of the
20 adjustment less five percent.

21 (c) An adjustment under this section may not exceed four
22 percent of the applicable base pension benefit.

23 (d) The pension system may only make an adjustment to
24 benefits under this section if the amount of the pension system's
25 market value of assets divided by the amount of the pension system's
26 actuarial accrued liabilities, after giving effect to the
27 adjustment, is not less than .70.

1 (e) The following persons may not receive an adjustment
2 under this section:

3 (1) a member on active service, including a DROP
4 participant;

5 (2) a pensioner until the first October 1 occurring
6 after both the pensioner's retirement and the earlier of:

7 (A) the date the pensioner reaches 62 years of
8 age; or

9 (B) the third anniversary of the date the
10 pensioner retired; or

11 (3) a qualified survivor until the first October 1
12 occurring after the earlier of:

13 (A) the date the qualified survivor reaches 62
14 years of age;

15 (B) the third anniversary of the date the primary
16 party retired; or

17 (C) the third anniversary of the date of the
18 member's or pensioner's death.

19 (f) [~~(b)~~] A [~~Group B~~] retirement or [~~Group B~~] disability
20 pension or periodic disability compensation paid to any Group B
21 pensioner may not be less than the Group B pensioner's base pension.

22 (g) The death benefit of the qualified survivors who are the
23 [~~a Group B qualified surviving~~] spouse, [~~Group B qualified~~
24 ~~surviving~~] dependent parent, or child of a Group B pensioner
25 [~~parents, as a group, or Group B qualified surviving children~~], as a
26 group, may not be less than 50 percent of the [~~a Group B~~]
27 pensioner's base pension.

1 Sec. 6.13. SUPPLEMENT TO CERTAIN RECIPIENTS 62 [~~55~~] YEARS
2 OF AGE OR OLDER. If a pensioner had at least 20 years of pension
3 service under any plan adopted pursuant to Article 6243a or this
4 article, or if a pensioner is receiving the periodic [~~a~~
5 ~~service-connected~~] disability compensation benefit under Section
6 6.05 of this article [~~pension~~], the pensioner, the pensioner's
7 [~~qualified surviving~~] spouse who is a qualified survivor eligible
8 to receive benefits under this article, or the pensioner's
9 [~~qualified surviving~~] children who are qualified survivors, as a
10 group, under Section 6.06 [~~6.06(e)~~] of this article are entitled to
11 receive, when the pensioner or spouse who is a qualified survivor
12 [~~surviving spouse~~] attains 62 [~~55~~] years of age, [~~the greater of~~] a
13 monthly supplement equal to the greater of \$50 or three percent of
14 their total monthly benefit, [~~and~~] for months [~~years~~] beginning on
15 and after January 1, 1991, and ending on August 31, 2017, a [~~the~~]
16 monthly supplement [~~will be~~] equal to the greater of \$75 or three
17 percent of their total monthly benefit, and for months beginning
18 after August 31, 2017, a monthly supplement equal to zero. For
19 purposes only of calculating this supplement, the phrase "their
20 total monthly benefit" means the amount payable to a pensioner or
21 qualified survivors under the terms of the plans described by this
22 section under which the pensioner or qualified survivor elected to
23 receive benefits but does not include the supplement authorized by
24 this section or any adjustments under Section 6.12 of this article
25 made after September 1, 2017.

26 SECTION 39. Section 6.14, Article 6243a-1, Revised
27 Statutes, is amended by amending Subsections (a), (b), (c), (d),

1 (e), (f), (g), (h), and (j) and adding Subsections (e-1), (e-2),
 2 (e-3), (f-1), (g-1), (l), (m), (n), and (o) to read as follows:

3 (a) A [~~In lieu of either leaving active service and~~
 4 ~~commencing a retirement pension as provided for under Section 6.01~~
 5 ~~or 6.02 of this article, whichever is applicable, or remaining in~~
 6 ~~active service and continuing to accrue additional pension benefits~~
 7 ~~as provided under Section 6.01 or 6.02, a~~] member who remains on
 8 active service after becoming [~~is~~] eligible to receive a [~~an~~
 9 ~~unreduced~~] retirement pension under either Section 6.01 or 6.02 of
 10 this article may [~~remain in active service,~~] become a participant
 11 in the deferred retirement option plan [~~Deferred Retirement Option~~
 12 ~~Plan ("DROP")~~] in accordance with Subsections (b) and (c) of this
 13 section, and defer the beginning of the person's retirement
 14 pension. Once an election to participate in the DROP has been made,
 15 the election continues in effect at least as long as the member
 16 remains in active service. On leaving active service, the member
 17 may:

18 (1) apply for a retirement pension under Sections
 19 6.01(b) and (c), Section 6.01(e), or Sections 6.02(b), (c), (d), or
 20 (e) [Section 6.02] of this article, whichever is applicable,
 21 together with any DROP benefit provided under this section; or

22 (2) continue to participate in DROP in accordance with
 23 Subsection (g) of this section.

24 (b) The election to participate in the DROP shall be made in
 25 accordance with procedures set forth in any uniform and
 26 nondiscriminatory election form adopted by the board and in effect
 27 from time to time. To determine the proper amount to be credited to

1 a member's DROP account, the election shall indicate whether the
2 member desires to receive a retirement pension under Sections
3 6.01(b) and (c), Section 6.01(e), or Section 6.02(b), (c), (d), or
4 (e) [6.02] of this article, whichever is applicable. The election
5 may be made at any time on or after the date the member becomes
6 eligible for a [an unreduced] retirement pension as provided by
7 this subsection. The election [under Sections 6.01(b) and (c),
8 Section 6.01(e), or Section 6.02 of this article, whichever is
9 applicable, and] becomes effective on the first day of the first
10 month on or after the date on which the member makes the election,
11 except that an election that would otherwise have been effective on
12 October 1, 1993, and every October 1 after that date, is considered,
13 for purposes of this section and Section 6.12 of this article, to be
14 effective on September 30 of the year in which it would otherwise
15 have been effective. On and after the effective date of the
16 election, the member will no longer be eligible for any refund of
17 [make member] contributions [to the fund, notwithstanding Section
18 4.03(b) or (f) of this article, whichever is applicable]. The
19 election by one or more members to participate in the DROP has no
20 effect on the amount of city contributions to the fund under Section
21 4.02 of this article.

22 (c) Each month after a member has made an election to
23 participate in the DROP and indicated a desire to receive a
24 retirement pension under Sections 6.01(b) and (c), Section 6.01(e),
25 or Section 6.02(b), (c), (d), or (e) [Section 6.02] of this article,
26 whichever is applicable, and through the month before the month in
27 which [until] the member leaves active service, an amount equal to

1 the retirement pension the member would have received under the
 2 ~~[Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02,~~
 3 ~~whichever is]~~ applicable subsection~~[7]~~ for that month if the member
 4 had left active service and been granted a retirement pension by the
 5 board on the effective date of DROP participation shall be credited
 6 ~~[transferred]~~ to a separate DROP account maintained within the fund
 7 for the benefit of the member. The monthly contribution amount is
 8 not subject to adjustment under Section 6.12 of this article.
 9 Amounts held in the DROP account of a member ~~[member's DROP account]~~
 10 shall be credited at the end of each calendar month ~~[with interest~~
 11 ~~at a rate that will approximately equal one-twelfth of the annual~~
 12 ~~rate assumed by the pension system's qualified actuary and approved~~
 13 ~~by the board as the assumed actuarial rate of return for the fund]~~.
 14 Notwithstanding this section, effective January 1, 2018, members on
 15 active service who have 10 years or more of participation in DROP
 16 shall no longer have the amount of their retirement pension
 17 credited to the member's DROP account while the member is on active
 18 service.

19 (d) A ~~[On leaving active service and on the board's grant of~~
 20 ~~a retirement pension, a]~~ member may not ~~[who participates in DROP~~
 21 ~~shall begin to]~~ receive a ~~[the balance in the person's DROP account~~
 22 ~~under one of the following methods of]~~ distribution from the
 23 member's DROP account while the member is on active service
 24 ~~[elected by the member.]~~

25 ~~[(1) a single-sum distribution made at a time selected~~
 26 ~~by the member but not later than April 1 of the year after the member~~
 27 ~~attains 70-1/2 years of age,~~

1 ~~[(2) an annuity to be paid in equal monthly payments~~
2 ~~for the life of the member, or for the life of the member and a~~
3 ~~designated beneficiary in the same manner as a retirement pension~~
4 ~~computed under Sections 6.01(b) and (c), Section 6.01(e), or~~
5 ~~Section 6.02 of this article, whichever is applicable, determined~~
6 ~~as of the date the member leaves active service based on the~~
7 ~~person's account balance and age and the age of the designated~~
8 ~~beneficiary, if applicable, on that date and using the mortality~~
9 ~~and earnings assumptions being used on that date by the pension~~
10 ~~system's qualified actuary and approved by the board as the assumed~~
11 ~~actuarial rate of return for the fund; or~~

12 ~~[(3) substantially equal monthly or annual payments of~~
13 ~~the person's account balance beginning at a time selected by the~~
14 ~~member that is on or before April 1st of the year after the member~~
15 ~~attains 70-1/2 years of age and extending over a fixed period that~~
16 ~~does not exceed the life expectancy of the member, or the life~~
17 ~~expectancy of the member and the member's designated beneficiary,~~
18 ~~if applicable].~~

19 (e) Except as provided by Subsections (e-1) and (1) of this
20 section, the balance in the [The] DROP account [balance] of a member
21 who terminated from active service on or before September 1, 2017,
22 or who terminates from active service shall be distributed to the
23 member in the form of an annuity by annuitizing the amount credited
24 to the DROP account over the life expectancy of the member using
25 mortality tables recommended by the pension system's qualified
26 actuary. The annuity shall be distributed as of the later of, as
27 applicable:

1 (1) the date the member retires and is granted a
2 retirement pension; or

3 (2) September 1, 2017 [~~elects the method of~~
4 ~~distribution described by Subsection (d)(3) of this section shall~~
5 ~~be credited with interest on the unpaid balance at the end of each~~
6 ~~calendar month in the same manner as is prescribed by Subsection (c)~~
7 ~~of this section].~~

8 (e-1) The board may adopt a shorter period for annuitizing
9 DROP account balances under Subsection (e) of this section if the
10 pension system's qualified actuary determines that the shorter
11 period will not cause the pension system's amortization period to
12 exceed 25 years [~~A member may change a distribution election at any~~
13 ~~time before the member attains 70-1/2 years of age to receive one or~~
14 ~~more additional payments or to accelerate or delay any payment not~~
15 ~~then due, if the change is communicated to the plan administrator,~~
16 ~~in accordance with procedures then in effect, not less than 30 days~~
17 ~~before the day it is to take effect and if the change does not result~~
18 ~~in a failure of the distributions to satisfy the requirements of~~
19 ~~Section 401(a)(9) of the code].~~

20 (e-2) The annuitization of a DROP account under Subsection
21 (e) of this section must reflect the accrual of interest on the
22 amount in the DROP account as of September 1, 2017, over the
23 annuitization period applied to the account under this section.
24 The interest rate applied under this subsection must be a
25 reasonable rate, as determined by the board, equal to the interest
26 rate on the 10-year note issued by the United States Department of
27 the Treasury or other federal treasury note. The portion of an

1 annuity attributable to amounts credited to a member's DROP account
2 on or after September 1, 2017, may not reflect the accrual of this
3 interest on annuitization.

4 (e-3) The board may by rule allow a DROP participant who has
5 terminated active service and who is eligible for a retirement
6 pension to:

7 (1) assign the distribution from the participant's
8 annuitized DROP account to a third party provided the pension
9 system receives a favorable private letter ruling from the Internal
10 Revenue Service ruling that such an assignment will not negatively
11 impact the system's qualified plan status; and

12 (2) in the event of an unforeseeable emergency, as
13 determined by the board, obtain a lump-sum distribution from the
14 participant's DROP account instead of an annuity.

15 (f) The board may adopt rules and policies relating to the
16 administration of Subsections (e), (e-1), and (e-2) of this section
17 if the rules and policies are:

18 (1) consistent with the qualification of the plan
19 under Section 401 of the code; and

20 (2) in the best interest of the pension system [~~Any~~
21 ~~election made in accordance with Subsection (d) of this section may~~
22 ~~be changed at any time before leaving active service to any other~~
23 ~~election permitted by that subsection, subject to the requirements~~
24 ~~for spousal consent, in Section 6.14(d)(1), if applicable].~~

25 (f-1) The DROP account of a member who begins participating
26 in DROP on or after September 1, 2017, does not accrue interest.

27 (g) The provisions of Sections 6.06, 6.061, 6.062, 6.063,

1 6.07, and 6.08 of this article pertaining to death benefits of a
2 qualified survivor do not apply to amounts held in a member's or
3 pensioner's DROP account [~~, and the class of persons eligible to~~
4 ~~become qualified survivors of a member closes on the effective date~~
5 ~~of the member's participation in DROP]~~. Instead, a member or
6 pensioner who participates in DROP may designate a beneficiary to
7 receive the balance of the member's or pensioner's DROP account in
8 the event of the member's death in any [~~the following~~] manner
9 allowed by Subsection (e-3) of this article, Section 401(a)(9) of
10 the code, and any policy adopted by the board. A member or
11 pensioner who is or becomes married is considered to have
12 designated the member's or pensioner's spouse as the member's or
13 pensioner's beneficiary, notwithstanding any prior beneficiary
14 designation, unless the member or pensioner has made a different
15 designation in accordance with a policy adopted by the board. If a
16 member or pensioner does not have a spouse or the spouse predeceases
17 the member or pensioner, the member's or pensioner's, as
18 applicable, DROP account will be distributed to the member's or
19 pensioner's, as applicable, designee. Notwithstanding anything in
20 this section to the contrary, if a member or pensioner has
21 previously designated the member's or pensioner's spouse as the
22 beneficiary or co-beneficiary of the DROP account and the member or
23 pensioner and spouse are subsequently divorced, the divorce
24 automatically results in the invalidation of the designation of the
25 spouse as a beneficiary and, if there is no additional beneficiary
26 designated, the member's or pensioner's DROP account shall be
27 distributed as provided by Subsection (e) of this section. If there

1 are beneficiaries who survive the deceased member or pensioner, the
2 surviving beneficiaries share equally in that portion that would
3 have otherwise been payable to the former spouse. [+

4 ~~[(1) The beneficiary designation must be made on an~~
5 ~~election form adopted by the board and in effect from time to time~~
6 ~~and in accordance with the conditions on the form, except that if~~
7 ~~the member is married, the designation of a beneficiary other than~~
8 ~~the member's spouse is valid only if the spouse consents to the~~
9 ~~designation at the time, in the manner, and on the consent form as~~
10 ~~is adopted by the board and in effect from time to time.~~

11 ~~[(2) If a member who participates in DROP dies while in~~
12 ~~active service or before the beginning of the member's DROP~~
13 ~~account, distributions will begin no more than one year after the~~
14 ~~date of the member's death under a method described by Subsection~~
15 ~~(d) of this section and shall be completed within the life, or life~~
16 ~~expectancy, of the designated beneficiary.~~

17 ~~[(3) If a member who participates in DROP dies after~~
18 ~~having begun to receive distributions in accordance with Subsection~~
19 ~~(d) of this section, the balance in the member's DROP account shall~~
20 ~~continue to be distributed to the member's designated beneficiary~~
21 ~~or other person described by Subdivision (4) of this subsection in~~
22 ~~accordance with any elections that had been made under Subsection~~
23 ~~(d) of this section.~~

24 ~~[(4) If the deceased member has not designated a~~
25 ~~beneficiary or has designated a beneficiary but not a method of~~
26 ~~distribution, the member's DROP account shall be distributed in a~~
27 ~~single-sum payment as soon as administratively feasible after the~~

1 ~~member's death to the beneficiary if one was designated and~~
2 ~~otherwise to the spouse if the member was married at the time of~~
3 ~~death or, if the member was not married, to the member's estate.]~~

4 (g-1) [~~(5)~~] A member who [~~participates in DROP~~] becomes a
5 DROP participant is ineligible for any disability benefits
6 described by Section [~~Sections~~] 6.03, 6.04, or [~~and~~] 6.05 of this
7 article, but is entitled to [~~instead, on the board's acknowledgment~~
8 ~~of a disability that would otherwise qualify the member for~~
9 ~~disability benefits, the board shall grant]~~ a retirement pension in
10 accordance with Sections 6.01(b) and (c), Section 6.01(e), or
11 Section 6.02 of this article, whichever is applicable, on
12 termination from active service, and [~~the member~~] is also entitled
13 to receive annuity payments [~~both a retirement pension and a~~
14 ~~distribution of the DROP account]~~ in accordance with Subsection (e)
15 [~~(d)~~] of this section.

16 (h) The base pay or computation pay, whichever is
17 applicable, in effect as of the effective date of a [~~Group A~~]
18 member's participation in DROP shall be used in calculating the
19 member's [~~Group A~~] retirement pension under Section 6.01 or 6.02 of
20 this article. A [~~Group A~~] member who elects to participate in DROP
21 does not accrue additional pension service for purposes of
22 computing a [~~the Group A~~] retirement pension [~~provided under~~
23 ~~Section 6.01(e) of this article]~~ for any period after the effective
24 date of the election.

25 (j) Except as provided by Subsection (l) of this section, if
26 [~~If~~] a pensioner who has been a [~~participated in~~] DROP participant
27 returns to active service, the person must [~~once again~~] become a

1 participant in DROP under the terms and conditions in effect at the
2 time of [~~the person's~~] return to active service.

3 (1) Notwithstanding any other provision of this section and
4 except as provided by Subsection (o) of this section, a member who
5 has entered DROP before June 1, 2017, may revoke the DROP election
6 at any time on or after September 1, 2017, and before the earlier
7 of:

8 (1) February 28, 2018; or

9 (2) the member's termination of active service.

10 (m) If a member revokes participation in DROP under
11 Subsection (l) of this section:

12 (1) the member's DROP account balance is eliminated;

13 and

14 (2) the member shall receive pension service credited
15 for all or a portion of the period of the revoked DROP participation
16 on payment of the required contributions for the period of the
17 revoked DROP participation in accordance with a uniform and
18 nondiscriminatory procedure adopted by the board that results in
19 the payment of the amount of member contributions that would have
20 been made if the member had never participated in DROP.

21 (n) A member who revokes the member's DROP election under
22 Subsection (l) of this section is entitled to only a monthly pension
23 computed on the basis of the member's pension service, including
24 pension service purchased under Subsection (m) of this section:

25 (1) average computation pay at the time of leaving
26 active service, if the member is a Group B member; or

27 (2) as provided by Section 6.01(b) of this article, if

1 the member is a Group A member.

2 (o) A member may not revoke DROP participation under
3 Subsection (l) of this section if any money has been transferred out
4 of the member's DROP account.

5 SECTION 40. Sections 6.15(a), (b), and (e), Article
6 6243a-1, Revised Statutes, are amended to read as follows:

7 (a) The board may require the following pensioners
8 receiving a disability pension or a periodic disability
9 compensation benefit to appear and undergo a medical examination by
10 the health director or, if the health director approves, by any
11 licensed medical practitioner, to determine if the pensioner's
12 disability continues or has been removed to the extent that the
13 pensioner is able to resume duties with the department:

14 (1) any Group A pensioner who has served less than 20
15 years;

16 (2) any Group A pensioner who elected a Group A ~~[B]~~
17 disability pension under Section 6.04(a) ~~[6.04(e)]~~ of this article,
18 or a non-service-connected disability pension under Plan A or
19 former Section 17(b)(2) of this article, and who had ~~[has served]~~
20 more than 20 years of pension service, but is less than 62 ~~[55]~~
21 years of age; and

22 (3) any Group B pensioner who was granted ~~[elected]~~ a
23 Group B disability pension under Section 6.04 of this article or
24 periodic disability compensation under Section 6.05 of this article
25 or a disability pension under the terms of Plan B and is less than 58
26 ~~[50]~~ years of age.

27 (b) Any medical examination under this section is subject to

1 the following conditions:

2 (1) Except as otherwise provided by this section, the
3 board has complete discretion to require a pensioner to appear and
4 undergo a medical examination as well as the time that may pass
5 between examinations. When it becomes clear to the board from
6 reliable medical evidence that the disability is unequivocally
7 permanent and is not expected to diminish, the board may waive [~~not~~
8 ~~require~~] subsequent examinations.

9 (2) A pensioner may not be required to undergo a
10 medical examination more often than once in a six-month period,
11 except that the board may order the pensioner to undergo an
12 examination at any time if the board has reason to believe the
13 pensioner's disability has been removed and that the pensioner may
14 be able to resume duties with the pensioner's former department or
15 if the pensioner requests to be allowed to return to duty.

16 (3) If a pensioner fails to undergo an examination
17 after being notified by the board that the examination is required,
18 the board may discontinue disability benefits until the pensioner
19 has undergone the examination and the results of the examination
20 have been sent to the board.

21 (4) If the pensioner is examined by an approved
22 outside medical practitioner other than the health director, the
23 reasonable and customary cost of the examination, if any, is
24 payable from the assets of the fund.

25 (e) Pursuant to its authority under Section 6.06(n)
26 [~~6.06(e)~~] of this article to review and modify any funding relating
27 to the disability of a child who is a qualified survivor [~~surviving~~

1 ~~child's handicap~~], the board may require such ~~[a handicapped]~~
 2 qualified survivor with a disability ~~[surviving child]~~ receiving
 3 death benefits to appear and undergo medical examination by the
 4 health director or, if the health director approves, by any
 5 licensed medical practitioner, to determine if the disability
 6 ~~[handicap]~~ continues or if the disability ~~[handicap]~~ has been
 7 removed.

8 SECTION 41. Sections 6.16, 6.18, and 6.19, Article 6243a-1,
 9 Revised Statutes, are amended to read as follows:

10 Sec. 6.16. WAIVER OF BENEFITS. (a) A primary party
 11 ~~[pensioner who is on either service or disability retirement]~~, [a]
 12 qualified survivor ~~[surviving spouse, a handicapped qualified~~
 13 ~~surviving child, a member who may be a participant in DROP]~~, or [a]
 14 beneficiary of a member's ~~[deceased former]~~ DROP account
 15 ~~[participant, or a qualified surviving dependent parent]~~ may, on a
 16 form prescribed by the board and filed with the executive director
 17 ~~[administrator]~~, ~~[irrevocably]~~ waive all or a portion of the
 18 benefits~~[7]~~ to which the person ~~[who waives the benefit]~~ is or may
 19 be entitled. The waiver may state whether it is revocable or
 20 irrevocable, and is irrevocable unless the waiver clearly states it
 21 is revocable.

22 (b) The ~~[irrevocable]~~ waiver described by Subsection (a) of
 23 this section applies only to ~~[retirement, disability, or DROP~~
 24 ~~survivor]~~ benefits that become payable on or after the date the
 25 waiver is filed.

26 (b-1) Benefits waived by a revocable waiver are forfeited
 27 and the person making the waiver has no right, title, claim, or

1 interest in the benefits.

2 (c) If two or more persons are or may be entitled to benefits
3 under this article [~~there are two qualified surviving dependent~~
4 ~~parents receiving death benefits~~], the waiver described by
5 Subsection (a) of this section must be executed by each person to
6 become effective. The living parent or parents or legal guardian or
7 guardians of a child must sign the waiver described by Subsection
8 (a) of this section on behalf of the child [~~both of the parents~~].

9 Sec. 6.18. INVESTIGATION. (a) The board shall consider all
10 applications for retirement and disability pensions [~~of members~~],
11 all applications for death benefits [~~by qualified survivors~~], and
12 all elections to participate [~~for participation by a member~~] in
13 DROP. The board shall give notice to [~~those~~] persons applying for
14 benefits, advising them of their right to appear before the board
15 and offer such sworn evidence as they may desire. Any [~~primary~~
16 ~~party, survivor, or other~~] person claiming retirement, disability,
17 or DROP benefits may appear before the board [~~in person~~] and offer
18 testimony that is relevant to a contested application for a
19 retirement pension, a disability pension, death benefits
20 [~~benefit~~], or DROP benefits [~~benefit~~]. The chairman of the board
21 may issue process for witnesses, administer oaths to witnesses, and
22 examine any witness as to any matter affecting benefits under any
23 plan within the pension system. Process for witnesses shall be
24 served by any [~~member of the police or fire department or by any~~
25 ~~other~~] method of serving process [~~or person~~] permitted by the state
26 law in any civil judicial proceeding. A witness who fails or
27 refuses to attend and testify may be compelled to attend and

1 testify, as in any judicial proceeding. The board may seek
2 assistance from any court of competent jurisdiction to further
3 compel or sanction a witness who fails or refuses to attend and
4 testify.

5 (b) Any [~~primary party, spouse, child, dependent parent, or~~
6 ~~other~~] person [~~claiming DROP benefits~~] who is aggrieved by a
7 determination of the board regarding [~~on the person's application~~
8 ~~for or continuation of~~] a retirement pension, a disability pension,
9 [~~or~~] death benefits [~~benefit~~], or [~~an election for~~] DROP benefits
10 may appeal the board determination to a state district court in the
11 city [~~county~~] where the pension system is located by giving written
12 notice of appeal. The notice shall contain a statement of the
13 grounds and reasons why the party feels aggrieved. The notice shall
14 be served personally on the executive director [~~secretary of the~~
15 ~~board~~] within 20 days after the date of the board's determination.
16 After service of the notice, the party appealing shall file with the
17 state district court a copy of the notice of intention to appeal,
18 together with an affidavit of the party making service showing how,
19 when, and on whom the notice was served.

20 (c) Within 30 days after the date of service of the notice of
21 appeal on the board, the executive director [~~secretary of the~~
22 ~~board~~] shall make up and file with the state district court a
23 transcript of all nonprivileged papers and proceedings in the case
24 before the board. When the copy of the notice of appeal and the
25 transcript has been filed with the court, the appeal is perfected,
26 and the court shall docket the appeal, assign the appeal a number,
27 fix a date for hearing the appeal, and notify both the appellant and

1 the board of the date fixed for the hearing.

2 (d) At any time before the rendering of its decision on
3 ~~[the]~~ appeal, the court may require further or additional proof or
4 information, either documentary or under oath. On rendition of a
5 decision on appeal, the court shall give to each party to the appeal
6 a copy of the decision of the case. The decision ~~[or order]~~ of the
7 court is appealable in the same manner as are civil cases generally.

8 (e) As provided by Section 4.01 of this article, the ~~[The]~~
9 board shall approve all money used for investigations ~~[as provided~~
10 ~~under Section 4.01 of this article]~~. The board may request the
11 investigative services of either the police or fire departments in
12 connection with any matter arising under this section.

13 Sec. 6.19. CERTIFICATE OF MEMBER PENSION BENEFIT
14 ELIGIBILITY ~~[RETIREMENT]~~. When a member has earned five ~~[20]~~ years
15 of pension service, the member shall be issued an ~~[a certificate of~~
16 ~~retirement that, barring administrative error, miscalculation, or~~
17 ~~other error, after issuance is]~~ incontestable five-year
18 certificate indicating that the member is entitled to pension
19 benefits subject to the effect of any withdrawals as permitted
20 under Article 6243a or this article. The certificate shall state
21 that the calculation of the retirement pension to which the member
22 is entitled, or any disability benefits to which the member may
23 become entitled, shall be determined solely under the actual terms
24 of the combined pension plan as in effect at the time the member
25 leaves active service. The certificate shall further state that in
26 the case of the member's death, the member's qualified survivors, if
27 any, may become ~~[shall be]~~ entitled to death ~~[survivor]~~ benefits as

1 determined solely under the actual terms of the combined pension
2 plan as in effect at the time of the member's death. The
3 certificate shall bear a seal and be signed by the executive
4 director [~~mayor, or the mayor pro tem, or the city manager~~] and [~~by~~
5 ~~the~~] chairman of the board [~~and attested under the seal of the city~~
6 ~~by the city secretary~~].

7 SECTION 42. Part 6, Article 6243a-1, Revised Statutes, is
8 amended by adding Sections 6.20 and 6.21 to read as follows:

9 Sec. 6.20. ERRONEOUS PAYMENTS OR OVERPAYMENTS. (a) If the
10 pension system pays money to any person not entitled to the payment,
11 whether by reason of an error of the pension system as to
12 entitlement to or the amount of a benefit or otherwise, or an error
13 of some other person, including the recipient of the payment, the
14 recipient of the payment holds the funds to which the recipient was
15 not entitled in constructive trust for the pension system and those
16 funds are subject to demand by the system at any time.

17 (b) The recipient of an erroneous payment from the pension
18 system shall repay to the system all funds associated with the
19 erroneous payment.

20 (c) If the recipient of an erroneous payment retains the
21 funds to which the recipient was not entitled after the recipient
22 has knowledge that the recipient was not entitled to the funds, the
23 recipient shall be obligated to repay to the system the funds with
24 interest from the date knowledge is reasonably established, until
25 the date the funds are repaid, compounded annually. The interest
26 rate required under this subsection is the interest rate from time
27 to time that may be levied on final judgments in state court

1 proceedings under the laws of this state.

2 (d) For purposes of Subsection (c) of this section, receipt
3 of a demand from the pension system for the repayment of funds
4 establishes a recipient's knowledge from at least the date the
5 demand was received.

6 (e) Subject to Subsection (g) of this section, the board may
7 by rule adopt a procedure to enable the pension system to offset the
8 future benefit or other payments of a recipient described by this
9 section. In addition, the board may take any additional action,
10 including the bringing of a lawsuit, the board considers necessary
11 to recover an erroneous payment and interest the pension system is
12 entitled to under this section.

13 (f) If the pension system determines that a person is
14 entitled to additional benefits as a result of an error made by the
15 pension system or another person, the pension system shall promptly
16 pay the additional benefits owed.

17 (g) The board's correction procedures must comply with the
18 Internal Revenue Service's Employee Plans Compliance Resolution
19 System and Revenue Procedure 2016-51, including subsequent
20 guidance.

21 Sec. 6.21. MEDICAL EXPENSE BENEFITS. (a) The board may
22 establish and pay the start-up costs necessary to establish a
23 separate medical expense account that is a part of the combined
24 pension plan administered by the pension system and satisfies the
25 requirements of Section 401(h) of the code. The board shall
26 determine the terms of the medical expense account established
27 under this section.

1 (b) Any medical expense account established under this
2 section along with the combined pension plan shall be promptly
3 submitted to the Internal Revenue Service for purposes of obtaining
4 a determination letter.

5 SECTION 43. Article 6243a-1, Revised Statutes, is amended
6 by adding Part 6A to read as follows:

7 PART 6A. EQUITABLE ADJUSTMENTS

8 Sec. 6A.01. EQUITABLE ADJUSTMENTS TO BENEFITS.

9 Notwithstanding any other provision of this article, the board
10 shall consider and adopt rules requiring the equitable return of
11 funds paid to or credited to the benefit of a member or pensioner
12 under this article before September 1, 2017, to the extent the funds
13 exceeded reasonable amounts that should be paid or credited given
14 the circumstances of the pension system at the time the payment or
15 credit was made, including the return of excessive interest
16 credited to a member's DROP account and excessive adjustments made
17 under Section 6.12 of this article.

18 Sec. 6A.02. ADJUDICATION OF CERTAIN CHALLENGES. (a) The
19 constitutionality and other validity under the state or federal
20 constitution of all or any part of Section 6A.01 of this article or
21 rule adopted under that section may be determined in an action for
22 declaratory judgment in a district court in the city or county in
23 which the pension system is located under Chapter 37, Civil
24 Practice and Remedies Code, except that this section does not
25 authorize an award of attorney's fees against this state and
26 Section 37.009, Civil Practice and Remedies Code, does not apply to
27 an action filed under this section.

1 (b) An appeal of a declaratory judgment or order, however
2 characterized, of a district court, including an appeal of the
3 judgment of an appellate court, holding or otherwise determining
4 that all or any of part of Section 6A.01 of this article or rule
5 adopted under that section is constitutional or unconstitutional,
6 or otherwise valid or invalid, under the state or federal
7 constitution is an accelerated appeal.

8 (c) If the judgment or order is interlocutory, an
9 interlocutory appeal may be taken from the judgment or order and is
10 an accelerated appeal.

11 (d) The district court may grant or deny a temporary or
12 otherwise interlocutory injunction or a permanent injunction on the
13 grounds of the constitutionality or unconstitutionality, or other
14 validity or invalidity, under the state or federal constitution of
15 all or any part of Section 6A.01 of this article or rule adopted
16 under that section.

17 (e) There is a direct appeal to the Texas Supreme Court from
18 an order, however characterized, of a trial court granting or
19 denying a temporary or otherwise interlocutory injunction or a
20 permanent injunction on the grounds of the constitutionality or
21 unconstitutionality, or other validity or invalidity, under the
22 state or federal constitution of all or any part of Section 6A.01 of
23 this article or rule adopted under that section.

24 (f) The direct appeal is an accelerated appeal.

25 (g) This section exercises the authority granted by Section
26 3-b, Article V, Texas Constitution.

27 (h) The filing of a direct appeal under this section will

1 automatically stay any temporary or otherwise interlocutory
2 injunction or permanent injunction granted in accordance with this
3 section pending final determination by the Texas Supreme Court,
4 unless the supreme court makes specific findings that the applicant
5 seeking such injunctive relief has pleaded and proved that:

6 (1) the applicant has a probable right to the relief it
7 seeks on final hearing; and

8 (2) the applicant will suffer a probable injury that
9 is imminent and irreparable, and that the applicant has no other
10 adequate legal remedy.

11 (i) An appeal under this section, including an
12 interlocutory, accelerated, or direct appeal, is governed, as
13 applicable, by the Texas Rules of Appellate Procedure, including
14 Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1),
15 38.6(a) and (b), 40.1(b), and 49.4.

16 SECTION 44. Section 8.01, Article 6243a-1, Revised
17 Statutes, is amended to read as follows:

18 Sec. 8.01. QUALIFICATION UNDER FEDERAL TAX LAW. (a) The
19 plans within the pension system and the assets of the fund are
20 intended to qualify as a governmental plan under Sections [~~Section~~]
21 401 and 414(d) of the code, be exempt from federal income taxes
22 under Section 501(a) of the code, and conform at all times to
23 applicable requirements of law, regulations, and orders of duly
24 constituted federal governmental authorities. Accordingly, if any
25 provision of this article is subject to more than one construction,
26 one of which will permit the qualification of a plan that is within
27 the pension system, that construction that will permit the plan to

1 qualify and conform will prevail.

2 (b) The plans within the pension system as well as the
3 assets of the fund shall be maintained for the exclusive benefit of
4 members and their beneficiaries. At no time before the termination
5 of all the plans within the pension system and the satisfaction of
6 all liabilities with respect to members and their beneficiaries
7 under all plans shall any part of the principal or interest from the
8 assets of the fund be used for or diverted to purposes other than
9 the exclusive benefit of the members and beneficiaries.

10 (c) Notwithstanding any other provisions of this article,
11 the annual benefit [~~pension~~] provided with respect to any member
12 [~~may not exceed an annual benefit computed in accordance with the~~
13 ~~limitations prescribed by this subsection.~~

14 [~~(1) The maximum annual benefit payable~~] in any
15 limitation year [~~to a member~~] may not exceed the amount permitted by
16 Section 415(b) of the code for the limitation year, and the sum of
17 the member contributions and all other annual additions for any
18 limitation year may not exceed the amount permitted under Section
19 415(c) of the code for that limitation year. If the aggregated
20 annual benefit or aggregated annual additions under [~~lesser of:~~

21 [(A) ~~\$90,000, or~~

22 [(B) ~~100 percent of a member's 415 compensation~~
23 ~~averaged over the three consecutive limitation years, or the actual~~
24 ~~number of limitation years for a member whose total pension service~~
25 ~~is less than three consecutive limitation years, during which the~~
26 ~~member had the greatest aggregate 415 compensation from the city.~~

27 [(2) ~~Benefits provided to a member under this article~~

1 ~~and under any defined benefit plan or plans maintained by the city~~
2 ~~shall be aggregated for purposes of determining whether the~~
3 ~~limitations in Subdivision (1) of this subsection are met. If the~~
4 ~~aggregate benefits otherwise payable from] any qualified plans~~
5 created under this article and any other defined benefit plan or
6 plans maintained by the city would otherwise exceed the limitations
7 of Section 415 of the code [~~Subdivision (1) of this subsection~~], the
8 required reductions in benefits or contributions shall first be
9 made to the extent possible from the other plan or plans. The
10 limitations referenced in this subsection shall be adjusted
11 annually in accordance with Section 415(d) of the code and any
12 adjustment to benefits applies to the benefits of active and
13 terminated members and applies without regard to whether a
14 terminated member is a pensioner.

15 ~~[(3) The adjustments on retirement are the following:~~
16 ~~[(A) If the annual benefit begins before a member~~
17 ~~attains age 62, the \$90,000 limitation, as adjusted, shall be~~
18 ~~reduced in a manner prescribed by the secretary of the treasury.~~
19 ~~However, that adjustment may not reduce the member's annual benefit~~
20 ~~below \$75,000, if the member's benefit begins after age 55, or the~~
21 ~~actuarial equivalent of \$75,000 beginning at age 55 if benefits~~
22 ~~begin before age 55. Furthermore, except as provided by Paragraph~~
23 ~~(C) of this subdivision, an adjustment may not reduce the member's~~
24 ~~annual benefit below \$50,000, regardless of the age at which the~~
25 ~~benefit begins.~~

26 ~~[(B) If the annual benefit begins after a member~~
27 ~~attains age 65, the \$90,000 limitation, as adjusted, will be~~

1 ~~increased so that it is the actuarial equivalent of the \$90,000~~
2 ~~limitation at age 65.~~

3 ~~[(C) If a member's benefits begin before the~~
4 ~~member has at least 15 years of pension service as a full-time~~
5 ~~employee of the police or fire department, or both, including~~
6 ~~credit for full-time service in the armed forces of the United~~
7 ~~States, Paragraphs (A) and (B) of this subdivision shall be applied~~
8 ~~by substituting "social security retirement age" for "age 62" and~~
9 ~~for "age 65," and the last two sentences of Paragraph (A) of this~~
10 ~~subdivision do not apply in computing the benefit limitation for~~
11 ~~that member.~~

12 ~~[(D) The portion of a member's benefit that is~~
13 ~~attributable to the member's own contributions is not part of the~~
14 ~~annual benefit subject to the limitations of Subdivision (1) of~~
15 ~~this subsection. Instead, the amount of those contributions is~~
16 ~~treated as an annual addition to a qualified defined contribution~~
17 ~~plan maintained by the city.~~

18 ~~[(4)(A) The dollar limitation on annual benefits~~
19 ~~provided by Subdivision (1) of this subsection, and the \$50,000~~
20 ~~limitation provided by Subdivision (3) of this subsection, but not~~
21 ~~the \$75,000 limitation provided by that subsection, shall be~~
22 ~~adjusted annually as provided by Section 415(d) of the code and the~~
23 ~~regulations prescribed by the secretary of the treasury. The~~
24 ~~adjusted limitation is effective as of January 1 of each calendar~~
25 ~~year and is applicable to limitation years ending with or within~~
26 ~~that calendar year.~~

27 ~~[(B) The limitation provided by this paragraph~~

1 ~~for a member who has separated from service with a vested right to a~~
2 ~~pension shall be adjusted annually as provided by Section 415(d) of~~
3 ~~the code and the regulations prescribed by the secretary of the~~
4 ~~treasury.~~

5 ~~[(5) The following interest rate assumptions shall be~~
6 ~~used in computing the limitations under this section.]~~

7 ~~[(A) For the purpose of determining the portion~~
8 ~~of the annual benefit that is purchased with member contributions,~~
9 ~~the interest rate assumption is 8.5 percent, compounded annually,~~
10 ~~for plan years beginning before 1988 and 120 percent of the federal~~
11 ~~mid-term rate, as in effect under Section 1274 of the code,~~
12 ~~compounded annually, for plan years beginning after 1987.]~~

13 ~~[(B) For the purpose of adjusting the annual~~
14 ~~benefit to a straight life annuity, the interest rate assumption is~~
15 ~~five percent, unless a different rate is required by the secretary~~
16 ~~of the treasury.]~~

17 ~~[(C) For the purpose of adjusting the \$90,000~~
18 ~~limitation after a member attains age 65, the interest rate~~
19 ~~assumption is five percent, unless a different rate is required by~~
20 ~~the secretary of the treasury, and the mortality decrement shall be~~
21 ~~ignored to the extent that a forfeiture does not occur at death.]~~

22 ~~[(6) For purposes of Subdivisions (1) and (3) of this~~
23 ~~subsection, an adjustment under Section 415(d) of the code may not~~
24 ~~be taken into account before the limitation year for which that~~
25 ~~adjustment first takes effect. For purposes of Subdivisions (1)~~
26 ~~and (5) of this subsection, an adjustment is not required for the~~
27 ~~value of qualified joint and survivor annuity benefits,~~

1 ~~preretirement death benefits, postretirement medical benefits, or~~
2 ~~postretirement cost-of-living increases made in accordance with~~
3 ~~Section 415(d) of the code and Section 1.415-3(c) of the Income Tax~~
4 ~~Regulations.~~

5 ~~[(7) This plan may pay an annual benefit to any member~~
6 ~~in excess of the member's maximum annual benefit otherwise allowed~~
7 ~~if:~~

8 ~~[(A) the annual benefit derived from the city's~~
9 ~~contributions under any qualified plans within this article and all~~
10 ~~defined benefit plans maintained by the city does not in the~~
11 ~~aggregate exceed \$10,000 for the limitation year or for any prior~~
12 ~~limitation year; and~~

13 ~~[(B) the member has not at any time participated~~
14 ~~in a defined contribution plan maintained by the city.~~

15 ~~[For purposes of this subdivision, member contributions to~~
16 ~~the plan are not considered a separate defined contribution plan~~
17 ~~maintained by the city.~~

18 ~~[(8) If a member has less than 10 years of pension~~
19 ~~service in the plan at the time the member begins to receive~~
20 ~~benefits under the plan, the \$90,000 limitation, as adjusted, shall~~
21 ~~be reduced by multiplying the limitation by a fraction in which the~~
22 ~~numerator is the number of years of pension service and the~~
23 ~~denominator is 10; provided, however, that the fraction may not be~~
24 ~~less than one-tenth. The 100 percent limitation of Subdivision~~
25 ~~(1)(B) of this subsection, and the \$10,000 limitation of~~
26 ~~Subdivision (7) of this subsection shall be reduced in the same~~
27 ~~manner as provided by this subdivision, except the numerator shall~~

1 ~~be the number of years of employment with the city rather than years~~
2 ~~of pension service.~~

3 ~~[(9) If a member is or has been a participant in one or~~
4 ~~more defined benefit plans and one or more defined contribution~~
5 ~~plans maintained by the city, the following provisions shall apply:~~

6 ~~[(A) The sum of the defined benefit plan fraction~~
7 ~~and the defined contribution plan fraction for any limitation year~~
8 ~~may not exceed 1.0.~~

9 ~~[(B) The defined benefit plan fraction for any~~
10 ~~limitation year is a fraction in which:~~

11 ~~[(I) the numerator is the projected annual~~
12 ~~benefit of a member, determined as of the close of the limitation~~
13 ~~year pursuant to Section 1.415-7(b)(3) of the Income Tax~~
14 ~~Regulations; and~~

15 ~~[(II) the denominator is the lesser of:~~

16 ~~[(i) the product of 1.25 and the maximum~~
17 ~~dollar limitation provided by Subdivision (1)(A) of this~~
18 ~~subsection, as adjusted, for the limitation year; or~~

19 ~~[(ii) the product of 1.4 and the amount that~~
20 ~~may be taken into account under Subdivision (1)(B) of this~~
21 ~~subsection for the limitation year.~~

22 ~~[(C) The defined contribution plan fraction for~~
23 ~~any limitation year is a fraction in which:~~

24 ~~[(I) the numerator is the sum of the annual~~
25 ~~additions to the member's account as of the close of the limitation~~
26 ~~year; and~~

27 ~~[(II) the denominator is the sum of the~~

1 ~~lesser of the following amounts determined for the limitation year~~
2 ~~and each prior year of service with the city:~~

3 ~~[(i) the product of 1.25 and the dollar~~
4 ~~limitation in effect under Section 415(c)(1)(A) of the code for the~~
5 ~~limitation year, determined without regard to Section 415(c)(6) of~~
6 ~~the code; or~~

7 ~~[(ii) the product of 1.4 and the amount that~~
8 ~~may be taken into account under Section 415(c)(1)(B) of the code for~~
9 ~~the limitation year beginning before January 1, 1987; the annual~~
10 ~~additions may not be recomputed to treat all member contributions~~
11 ~~as an annual addition.~~

12 ~~[(D) If the sum of the defined benefit plan~~
13 ~~fraction and the defined contribution plan fraction exceeds 1.0 in~~
14 ~~any limitation year for any member of any plan within the pension~~
15 ~~system, the administrator shall limit, to the extent necessary, the~~
16 ~~annual additions to the member's account for that limitation year.~~
17 ~~If after limiting to the extent possible the annual additions to the~~
18 ~~member's account for the limitation year, the sum of the defined~~
19 ~~benefit plan fraction and the defined contribution plan fraction~~
20 ~~still exceeds 1.0, the administrator shall adjust the benefits~~
21 ~~under the defined benefit plan fraction so that the sum of both~~
22 ~~fractions shall not exceed 1.0 in any limitation year for the~~
23 ~~member.~~

24 ~~[(10) For purposes of determining the limits provided~~
25 ~~by this section, all qualified defined benefit plans, whether~~
26 ~~terminated or not, ever maintained by or contributed to by the city,~~
27 ~~shall be treated as one defined benefit plan, and all qualified~~

1 ~~defined contribution plans, whether terminated or not, ever~~
2 ~~maintained by or contributed to by the city, shall be treated as one~~
3 ~~defined contribution plan.]~~

4 (c-1) [(11)] Notwithstanding anything contained in this
5 section to the contrary, the limitations, adjustments, and other
6 requirements prescribed by this section shall at all times be
7 computed in the manner most favorable to the affected members, to
8 the extent permitted by guidelines issued by the Internal Revenue
9 Service [~~comply with the requirements of Section 415 of the code and~~
10 ~~all regulations promulgated under the code~~]. If any provision of
11 Section 415 of the code is repealed or is not enforced by the
12 Internal Revenue Service, that provision may not reduce the
13 benefits of any member after the effective date of the repeal of the
14 provision or during the period in which the provision is not
15 enforced.

16 (c-2) Any benefit reductions that are required to be made
17 under this section shall be applied to reduce the monthly benefit
18 that would otherwise have been payable to the member, unless the
19 value of the member's DROP account accrued under Section 6.14 of
20 this article exceeds the amount that may be paid under this section.
21 If the value of the DROP account exceeds the value of the payments
22 that may be made under this section, the member shall receive a lump
23 sum payment from the account of the maximum amount that may be paid
24 under this section and the payment shall permanently reduce the
25 benefits the member would otherwise have been entitled to receive
26 under the combined pension plan.

27 (d) A member's retirement pension may not begin later than

1 April 1 of the year after the later of the year in which the member
2 leaves active service or the year in which the member attains age
3 70-1/2 and must at all times comply with the requirements of Section
4 401(a)(9) of the code. [~~Benefits to a qualified beneficiary may not~~
5 ~~begin later than one year after the date of the member's death~~].

6 (e) Any person [~~member or beneficiary~~] who receives any
7 distribution from any plan within the pension system that is an
8 eligible rollover distribution as defined by Section 402(f)(2)(A)
9 of the code is entitled to have that distribution transferred
10 directly to another eligible retirement plan as defined by Section
11 402(c)(8)(B) of the code of the person's [~~member's or beneficiary's~~]
12 choice on providing direction regarding that transfer to the
13 executive director [~~administrator~~] in accordance with procedures
14 established by the executive director [~~administrator~~].

15 (e-1) If an eligible rollover distribution described by
16 Subsection (e) of this section is to a designated beneficiary who is
17 not the spouse or former spouse of the member, the transfer may only
18 be to an individual retirement account or an individual retirement
19 annuity.

20 (f) For the 2017 calendar year, the [~~The~~] annual
21 compensation taken into account for any purpose under the combined
22 pension plan [~~this article~~] may not exceed \$400,000 for an eligible
23 participant or \$270,000 for an ineligible participant [~~\$200,000 for~~
24 ~~any calendar year~~]. For a Group A member the term "annual
25 compensation" means the aggregate of the member's base pay. For a
26 Group B member the term "annual compensation" means the aggregate
27 of the member's computation pay for any given plan year. These

1 dollar limits [~~The \$200,000 limit~~] shall be adjusted from [~~on~~
2 ~~January 1 of each year at the same~~] time to time [~~and~~] in accordance
3 with guidelines [~~the same manner as~~] provided by the secretary of
4 the treasury. For [~~Section 415(d) of the code. In determining the~~
5 ~~compensation of a member for~~] purposes of this subsection, an:

6 (1) "eligible participant" means any person who first
7 became a member of the pension system before January 1, 1996; and

8 (2) "ineligible participant" means any member who is
9 not an eligible participant [~~limitation, the family aggregation~~
10 ~~rules of Section 414(q)(6) of the code apply, except that the term~~
11 ~~"family member" includes only the spouse of the member and any~~
12 ~~lineal descendants of the member who have not attained age 19 at the~~
13 ~~end of the plan year. If as a result of this family aggregation~~
14 ~~requirement, the \$200,000 limit is exceeded, the limitation shall~~
15 ~~be prorated among the affected individuals in proportion to each~~
16 ~~individual's compensation as determined before application of the~~
17 ~~limit~~].

18 (g) For purposes of Subsection (h) of this section, "normal
19 retirement age" means the earlier of:

20 (1) attainment of 50 years of age on or before
21 September 1, 2017, and completion of at least five years of pension
22 service;

23 (2) the attainment of 58 years of age after September
24 1, 2017, and completion of at least five years of pension service;
25 or

26 (3) completion of 20 years of pension service.

27 (h) The retirement benefit earned by a member is

1 nonforfeitable:

2 (1) on attainment of normal retirement age, if not
3 already nonforfeitable; or

4 (2) to the extent the benefit is funded, if not already
5 nonforfeitable, on the termination or partial termination of the
6 combined pension plan or the complete discontinuance of city
7 contributions to the fund.

8 (i) In accordance with Section 401(a)(8) of the code,
9 forfeitures arising under the combined pension plan may not be used
10 to increase the benefits any member would otherwise receive under
11 the terms of the plan. Forfeitures may be used first to reduce
12 administrative expenses, then to reduce required city
13 contributions.

14 (j) Subject to procedures adopted by the board, the system
15 shall accept an eligible rollover distribution from another
16 eligible retirement plan as defined by Section 402(f)(2)(B) of the
17 code as payment of all or a portion of any payment a member is
18 permitted to make to the system for past pension service credit.
19 The system shall separately account for any after-tax contributions
20 transferred from any plan under this subsection.

21 SECTION 45. Section 8.02, Article 6243a-1, Revised
22 Statutes, is amended to read as follows:

23 Sec. 8.02. EXCESS BENEFIT PLAN FOR POLICE OFFICERS AND FIRE
24 FIGHTERS. The board may by rule establish and administer [~~On the~~
25 ~~enactment of federal legislation enabling public retirement~~
26 ~~systems to establish excess benefit plans for the benefit of~~
27 ~~employees for whom additional benefits from retirement plans~~

1 ~~qualified under Section 401 of the code would exceed the~~
2 ~~limitations of Section 415 of the code, there is created outside the~~
3 ~~pension system] a separate^[7] qualified governmental
4 ~~[nonqualified] excess benefit arrangement and associated trust for~~
5 ~~the arrangement in accordance with Section 415(m) of the code.~~
6 ~~[plan containing the following terms and provisions:~~~~

7 ~~[(a)(1) All definitions prescribed by Section 2.01 of this~~
8 ~~article are applicable to the plan created pursuant to this section~~
9 ~~except:~~

10 ~~[(A) if a different definition is set forth in~~
11 ~~this subsection; or~~

12 ~~[(B) the context in which a term is used in this~~
13 ~~section indicates a different meaning is clearly intended than that~~
14 ~~prescribed by Section 2.01 of this article.~~

15 ~~[(2) "Excess benefit plan" means this separate,~~
16 ~~nonqualified, unfunded excess benefit plan as created by this~~
17 ~~section for the benefit of eligible members, as amended or restated~~
18 ~~from time to time.~~

19 ~~[(3) "Qualified plan" means any plan maintained within~~
20 ~~the pension system or maintained by the city outside the pension~~
21 ~~system for the exclusive benefit of some or all of the employees of~~
22 ~~the city if the plan has been found by the Internal Revenue Service~~
23 ~~to be qualified or has been treated by the city as a qualified plan~~
24 ~~under Section 401 of the code.~~

25 ~~[(4) "Maximum benefit" means the retirement benefit a~~
26 ~~member or, the spouse, any child, or any dependent parent of a~~
27 ~~member if those persons are entitled, is entitled to receive from~~

1 ~~all qualified plans in any month after giving effect to Section 8.01~~
2 ~~of this article and any similar provisions of any other qualified~~
3 ~~plans designed to conform to Section 415 of the code.~~

4 ~~[(5) "Excess benefit participant" means any member~~
5 ~~whose retirement benefits as determined on the basis of all~~
6 ~~qualified plans without regard to the limitations of Section 8.01~~
7 ~~of this article and comparable provisions of other qualified plans~~
8 ~~would exceed the maximum benefit permitted under Section 415 of the~~
9 ~~code.~~

10 ~~[(6) "Unrestricted benefit" means the monthly~~
11 ~~retirement benefit a member, or the spouse or any child of a member,~~
12 ~~would have received under the terms of all qualified plans except~~
13 ~~for the restrictions of Section 8.01 of this article and any similar~~
14 ~~provisions of any other qualified plans designed to conform to~~
15 ~~Section 415 of the code.~~

16 ~~[(b)(1) An excess benefit participant who is receiving~~
17 ~~benefits from an applicable qualified plan is entitled to a monthly~~
18 ~~benefit under this excess benefit plan in an amount equal to the~~
19 ~~lesser of:~~

20 ~~[(A) the member's unrestricted benefit less the~~
21 ~~maximum benefit, or~~

22 ~~[(B) the amount by which the member's monthly~~
23 ~~benefit from the qualified plan or plans approved by the members has~~
24 ~~been reduced due to the limitations of Section 415 of the code.~~

25 ~~[(2) In the case of the death of an excess benefit~~
26 ~~participant whose spouse or child is entitled to preretirement or~~
27 ~~postretirement death benefits under a qualified plan, the excess~~

1 ~~benefit participant's surviving spouse or child is entitled to a~~
2 ~~monthly benefit under the excess benefit plan equal to the benefit~~
3 ~~determined in accordance with the qualified plans without regard to~~
4 ~~the limitations under Section 8.01 of this article or Section 415 of~~
5 ~~the code, less the maximum benefit.~~

6 ~~[(3) Unless the excess benefit participant makes a~~
7 ~~timely election to the contrary, a retirement benefit payable under~~
8 ~~this excess benefit plan shall be paid in the form and at the time it~~
9 ~~would have been paid under the applicable qualified plan except for~~
10 ~~the limitations under Section 415 of the code. However, retirement~~
11 ~~benefits payable under this excess benefit plan shall be paid at the~~
12 ~~time and in the form, including a single-sum distribution, as the~~
13 ~~excess benefit participant elects from among the benefit payment~~
14 ~~forms made available under the election form as approved by the~~
15 ~~board. An excess benefit participant makes an election under this~~
16 ~~subdivision by sending written notice to the administrator on the~~
17 ~~election form approved by the board. Each optional benefit form~~
18 ~~permitted under this excess benefit plan shall be the actuarial~~
19 ~~equivalent of each other permitted benefit form. On or after an~~
20 ~~excess benefit participant's leaving active service with an~~
21 ~~entitlement to a retirement benefit under any qualified plan~~
22 ~~approved by the members, a benefit under this subdivision may be~~
23 ~~elected to be paid.~~

24 ~~[(c)(1) This plan shall be administered by the board, and~~
25 ~~the administrator shall also carry out the business of the board~~
26 ~~with respect to this excess benefit plan. Except as provided to the~~
27 ~~contrary by this subsection, the rights, duties, and~~

1 ~~responsibilities of the board and administrator shall be the same~~
2 ~~for this excess benefit plan as for the qualified pension plans~~
3 ~~within the pension system.~~

4 ~~[(2) The qualified actuary employed pursuant to~~
5 ~~Section 4.08 of this article is responsible for determining the~~
6 ~~amount of benefits that may not be provided under the qualified~~
7 ~~plans solely by reason of the limitations of Section 415 of the code~~
8 ~~and thus the amount of city contributions that will be made to this~~
9 ~~excess benefit plan rather than to a qualified plan.~~

10 ~~[(3) The legal advisors described by Section 3.03 of~~
11 ~~this article shall also provide advice to the board for this excess~~
12 ~~benefit plan.~~

13 ~~[(d) Contributions may not be accumulated under this excess~~
14 ~~benefit plan to pay future retirement benefits. Instead, each~~
15 ~~payment of city contributions that would otherwise be made to the~~
16 ~~fund pursuant to Section 4.02 of this article or comparable~~
17 ~~provisions of other qualified plans approved by the members shall~~
18 ~~be reduced by the amount determined by the administrator as~~
19 ~~necessary to meet the requirements for retirement benefits under~~
20 ~~this excess benefit plan until the next payment of city~~
21 ~~contributions is expected to be made to the fund by the city. The~~
22 ~~city shall then pay to this excess benefit plan, out of the withheld~~
23 ~~city contributions no earlier than the 14th day before the date of~~
24 ~~each distribution of monthly retirement benefits is required to be~~
25 ~~made from this excess benefit plan, the amount necessary to satisfy~~
26 ~~the obligation to pay this excess benefit plan monthly retirement~~
27 ~~benefits. The administrator shall satisfy the obligation of this~~

1 ~~excess benefit plan to pay retirement benefits out of the city~~
 2 ~~contributions so transferred for that month. The city~~
 3 ~~contributions otherwise required to the pension system pursuant to~~
 4 ~~Section 4.02 of this article and any other qualified plan approved~~
 5 ~~by the members shall be divided into those contributions required~~
 6 ~~to pay retirement benefits pursuant to this section and those~~
 7 ~~contributions paid into and accumulated to pay the maximum benefits~~
 8 ~~required under the qualified plans. City contributions made to~~
 9 ~~provide retirement benefits pursuant to this section may not be~~
 10 ~~commingled with the monies of the fund or any other qualified plan.~~

11 ~~[(c) Amendments to this excess benefit plan shall be made in~~
 12 ~~the same manner provided by Section 7.01 of this article.]~~

13 SECTION 46. Section 8.03, Article 6243a-1, Revised
 14 Statutes, is amended to read as follows:

15 Sec. 8.03. EXEMPTION OF BENEFITS FROM JUDICIAL PROCESS OR
 16 ALIENATION. (a) A portion of the fund or benefit or amount awarded
 17 to any primary party, qualified survivor, ~~[or]~~ beneficiary of a
 18 member's DROP account, excess benefit participant, or survivor of
 19 an excess benefit participant under this article may not be held,
 20 seized, taken, subjected to, or detained or levied on by virtue of
 21 any execution, attachment, garnishment, injunction, or other writ,
 22 order, or decree, or any process or proceedings issued from or by
 23 any court for the payment or satisfaction, in whole or in part, of
 24 any debt, damage, claim, demands, or judgment against any person
 25 entitled to benefits from any plan within the pension system or from
 26 the excess benefit plan. The fund and the excess benefit plan or
 27 any claim against the fund or the excess benefit plan may not be

1 directly or indirectly assigned or transferred, and any attempt to
2 transfer or assign the fund or the excess benefit plan or a claim
3 against the fund or the excess benefit plan is void.

4 (b) A benefit under any plan created or existing pursuant to
5 this article or Article 6243a is subject to division pursuant to the
6 terms of a qualified domestic relations order. The executive
7 director [~~administrator~~] shall determine the qualifications of a
8 domestic relations order according to a uniform, consistent
9 procedure approved by the board. The total benefit payable to a
10 primary party or to an alternate payee under a qualified domestic
11 relations order may not actuarially exceed the benefits to which a
12 primary party would be entitled in the absence of the qualified
13 domestic relations order. In calculating the alternate payee's
14 benefits under a qualified domestic relations order, the interest
15 rate is the rate used by the pension system's actuary in the
16 actuarial evaluation for that year, except that the minimum
17 interest rate for this purpose is the minimum required by Section
18 414 of the code.

19 (c) This section does not preclude:

20 (1) the payment of death benefits to a [~~support~~] trust
21 for certain [~~surviving~~] children of a primary party pursuant to
22 Section 6.06(n) of this article;

23 (2) the withholding of federal taxes from pension
24 benefits;

25 (3) the recovery by the board of overpayments of
26 benefits previously made to any person;

27 (4) the direct deposit of benefit payments to an

1 account in a bank, savings and loan association, credit union, or
2 other financial institution, provided the arrangement is not an
3 alienation; or

4 (5) under any policy adopted by the board and
5 uniformly applied to voluntary arrangements entered into by a
6 primary party or qualified survivor, any voluntary and revocable
7 arrangement entered into by a pensioner or a qualified survivor
8 that permits the withholding and direct payment of health care or
9 life insurance premiums or similar payments from the monthly
10 benefit payments.

11 (d) For purposes of Subsection (c) of this section, an
12 attachment, garnishment, levy, execution, or other legal process is
13 not considered a voluntary arrangement.

14 SECTION 47. The following provisions of Article 6243a-1,
15 Revised Statutes, are repealed:

- 16 (1) Section 3.01(c);
17 (2) Section 4.01(b);
18 (3) Section 4.02(f);
19 (4) Sections 6.06(i) and (s);
20 (5) Section 6.10B(h);
21 (6) Sections 6.14(i) and (k); and
22 (7) Part 7.

23 SECTION 48. (a) The terms of the current members of the
24 board of trustees of the pension system established under Article
25 6243a-1, Revised Statutes, expire on the effective date of this
26 Act. On that date or as soon as possible after that date, the mayor,
27 city council, executive director, and city manager shall appoint

1 new members to the board in accordance with the requirements of
2 Section 3.01, Article 6243a-1, Revised Statutes, as amended by this
3 Act. Notwithstanding Section 3.01(o), Article 6243a-1, Revised
4 Statutes, as amended by this Act, once at least seven trustees have
5 been appointed to the board under this section, the board shall by
6 majority vote:

7 (1) appoint two trustees under Section 3.01(b)(7),
8 Article 6243a-1, Revised Statutes, as amended by this Act; and

9 (2) adopt rules establishing:

10 (A) a process for selecting trustees under
11 Sections 3.01(b)(5) and (6), Article 6243a-1, Revised Statutes, as
12 amended by this Act; and

13 (B) staggered terms for the trustees appointed or
14 selected under Section 3.01, Article 6243a-1, Revised Statutes, as
15 amended by this Act, including the dates by which the terms of
16 initial trustees appointed or selected under this section expire.

17 (b) Notwithstanding Section 3.01(g), Article 6243a-1,
18 Revised Statutes, the board shall elect from among its trustees an
19 initial chairman, vice chairman, and a deputy fire chairman not
20 later than September 1, 2017, and if it elects to do so, an initial
21 second deputy vice chairman.

22 (c) Not later than the 90th day after the date all members of
23 the board under Section 3.01, Article 6243a-1, Revised Statutes, as
24 amended by this Act, have been appointed or selected, the board
25 shall vote on and, if the board determines it appropriate, amend the
26 existing rules relating to the governance and conduct of the board
27 in accordance with Subsection (j-2) of that section, as added by

1 this Act.

2 SECTION 49. Not later than December 1, 2017, the board shall
3 consider adopting rules under Section 3.01(j-1)(2), Article
4 6243a-1, Revised Statutes, as added by this Act, to:

5 (1) evaluate how benefits are computed under Article
6 6243a-1, Revised Statutes, for purposes of identifying potential
7 means of abusing the computation in order to inflate pension
8 benefits received; and

9 (2) implement one or more alternative benefit plans
10 for newly hired employees of the pension system.

11 SECTION 50. Not later than January 1, 2018, the board of
12 trustees established under Section 3.01, Article 6243a-1, Revised
13 Statutes, as amended by this Act, shall establish the ethics policy
14 required by Subsection (r) of that section, as added by this Act.

15 SECTION 51. Sections 4.02 and 4.03, Article 6243a-1,
16 Revised Statutes, as amended by this Act, and Section 4.025,
17 Article 6243a-1, Revised Statutes, as added by this Act, apply only
18 to a contribution made on or after the date of the most recently
19 completed actuarial valuation following September 1, 2017.

20 SECTION 52. Not earlier than June 1, 2019, and not later
21 than August 15, 2019, the board of trustees established under
22 Article 6243a-1, Revised Statutes, shall conduct an actuarial
23 valuation for purposes of making an initial determination under
24 Section 4.02(e), Article 6243a-1, Revised Statutes, as amended by
25 this Act. Each subsequent determination under Section 4.02(e),
26 Article 6243a-1, Revised Statutes, shall be based on the most
27 recently performed actuarial valuation.

1 SECTION 53. Changes in law to Part 5, Article 6243a-1,
2 Revised Statutes, as amended by this Act, apply to membership in a
3 pension system established under Article 6243a-1, Revised
4 Statutes, on or after the effective date of this Act.

5 SECTION 54. The board of trustees established under Section
6 3.01, Article 6243a-1, Revised Statutes, as amended by this Act,
7 shall begin annuitizing and distributing a DROP account under
8 Section 6.14(e) of that article, as amended by this Act, as soon as
9 administratively feasible after the effective date of this Act.

10 SECTION 55. A rollover distribution to a plan administered
11 by the pension system established under Article 6243a-1, Revised
12 Statutes, that was made on or after January 1, 2002, is validated as
13 of the date the distribution occurred. A distribution described by
14 this section may not be held invalid because the distribution was
15 not performed in accordance with Section 8.01(i), Article 6243a-1,
16 Revised Statutes, as added by this Act, or other applicable law.

17 SECTION 56. An action taken by the board before September 1,
18 2017, is not considered void solely by virtue of the number of
19 trustees on the board or by virtue of the composition of the board
20 in effect at the time the action was taken.

21 SECTION 57. This Act takes effect September 1, 2017.